

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made as of this 16th day of August, 2005, by and between DMB SAN JUAN INVESTMENT NORTH, LLC, a Delaware limited liability company, RMV MIDDLE CHIQUITA, LLC, a California limited liability company, RMV RANCH HOUSE, LLC, a California limited liability company, RMV HEADQUARTERS, LLC, a California limited liability company, RMV SAN JUAN WATERSHED, LLC, a California limited liability company, RMV SAN MATEO WATERSHED, LLC, a California limited liability company, RMV BLIND CANYON, LLC, a California limited liability company, and RANCHO MISSION VIEJO, LLC, a Delaware limited liability company (collectively "RMV" and individually an "RMV Entity"), the COUNTY OF ORANGE, a political subdivision of the State of California (the "County"), and the ENDANGERED HABITATS LEAGUE, a California not-for-profit corporation, NATURAL RESOURCES DEFENSE COUNCIL, INC., a not-for-profit corporation organized under the laws of the State of New York, SEA AND SAGE AUDUBON SOCIETY, a California not-for-profit corporation and a chapter of The National Audubon Society, LAGUNA GREENBELT, INC., a California not-for-profit corporation, and SIERRA CLUB, a California not-for-profit corporation (collectively the "Resource Organizations" and individually a "Resource Entity"). The County and each of the RMV Entities and each of the Resource Entities are referred to collectively herein as the "Parties" and each individually as a "Party."

RECITALS

A. RMV is the owner of approximately 22,815 acres of real property located in the unincorporated area of Orange County, California, commonly known as the "Rancho Mission Viejo" and referred to herein as the "Ranch Plan Area."

B. In November, 2001, RMV, acting through its duly authorized agent and manager, submitted planning application PA01-114 to the County seeking a General Plan Amendment (GPA01-01), Zone Change (ZC01-02) and Development Agreement (DA04-01) for the Ranch Plan Area. The collective elements of PA01-114, commonly known as "The Ranch Plan," set forth a comprehensive land development and conservation plan for the Ranch Plan Area.

C. The County prepared Program Environmental Impact Report No. 589 ("Program EIR No. 589") to address the environmental impacts of the Ranch Plan.

D. Throughout the County's processing of the Ranch Plan, the Resource Organizations, individually and/or collectively, participated in the review process and expressed their concerns regarding the potential impacts the Ranch Plan could have on the environment, and particularly the impacts related to biological resources.

E. At the conclusion of a public hearing on November 8, 2004, the Orange County Board of Supervisors: (i) adopted Resolution No. 04-290, certifying Program EIR No. 589 as complete, adequate and in full compliance with the requirements of CEQA and the State CEQA Guidelines; (ii) adopted Resolution No. 04-291, amending the Land Use Element, Transportation Element and Resources Element of the Orange County General Plan relative to the Ranch Plan Area; (iii) adopted Resolution No. 04-292 and Ordinance No. 04-014, rezoning the entire Ranch

Plan Area to the PC "Planned Community" District and adopting the Ranch Plan Planned Community Program Text; (iv) adopted Resolution No. 04-293 and Ordinance No. 04-015, approving the execution and delivery of Development Agreement DA-04-01 for implementation of the Ranch Plan; and (v) adopted Resolution No. 04-294, establishing the South County Roadway Improvement Program ("SCRIP") to provide for the imposition, collection and disbursement of fees to facilitate the construction of certain transportation improvements in Orange County that will relieve traffic congestion on existing and future transportation systems.

F. On December 8, 2004, the Resource Organizations filed a Verified Petition for Writ of Mandate in the Superior Court for Orange County (Case No. 04CC01637) challenging the County's approval of the Ranch Plan, including its certification of Program EIR No. 589 and its approval and adoption of the Ranch Plan Development Agreement and the SCRIP (the "Ranch Plan Litigation").

G. The Parties are desirous of: (i) resolving the dispute embodied in the Ranch Plan Litigation; and (ii) establishing a mutually acceptable framework for future implementation of the Ranch Plan consistent with protection of the environment.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual terms, covenants, conditions, promises and benefits contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **DEFINITIONS.** For the purposes of this Agreement, the following terms shall have the meanings set forth below:

1.1 **Defined Open Space.** The term "Defined Open Space" shall mean all portions of the Ranch Plan Area not specifically identified or depicted as Development Areas on the attached Exhibit A.

1.2 **Development Areas.** The term "Development Areas" shall mean those portions of the Ranch Plan Area specifically identified and depicted as Development Areas on Exhibit A. The boundaries of the individual Development Areas are drawn accurately at the scale depicted in Exhibit A. The outside boundary of each Development Area, denoted Planning Areas 1, 2, 3 and 5, respectively, represents the maximum area that may be developed in each of those respective Development Areas. The boundaries for each Development Area shall be refined more precisely pursuant to the Master Area Plan approval process and upon subsequent recordation of subdivision maps for each Development Area. Refinements to the final Development Area boundaries shall be within the maximum area represented respectively in Exhibit A.

1.3 **Existing Agricultural/Ranching Practices.** The term "Existing Agricultural/Ranching Practices" shall mean all ranching and agricultural uses, activities, programs, and events that are occurring at the present time, and/or that have occurred at any time since 1970 within the Ranch Plan Area, including, but not limited to, Portola Camp, RMV's periodic horseback rides, and their associated accessory uses. Existing Agricultural/Ranching

Practices shall be subject to any applicable laws, rules and regulations governing agricultural and ranching activities, including the Adaptive Management Plan ("AMP") adopted for the Project (defined in Section 1.8 below) (as said AMP becomes applicable to portions of the Ranch Plan Area only upon dedication of individual portions as open space) and any applicable NCCP (defined in Section 1.5 below), MSAA (defined in Section 1.4 below) and/or SAMP (defined in Section 1.12 below).

1.4 MSAA. The term "MSAA" shall mean a Master Streambed Alteration Agreement adopted pursuant to the California Fish and Game Code.

1.5 NCCP. The term "NCCP" shall mean a Natural Community Conservation Plan adopted pursuant to Section 2800 *et seq.* of the California Fish and Game Code and/or a Habitat Conservation Plan ("HCP") adopted pursuant to the federal Endangered Species Act.

1.6 Open Space Uses. The term "Open Space Uses" shall mean the following uses in Defined Open Space areas: (i) uses consistent in nature, intensity, extent and location with Existing Agricultural/Ranching Practices as defined in Section 1.3, except those uses and activities specifically identified on the attached Exhibit B; (ii) continuation of non-ranching/agricultural uses and activities as of the Effective Date (defined in Section 2 below), except those uses and activities specifically identified on the attached Exhibit B; (iii) any infrastructure substantially consistent with the Project Approvals (defined in Section 1.9 below), as required by the County, Orange County Transportation Authority, Orange County Fire Authority, or any other governmental authority or public/private utility in connection with the development of any Planning Area (defined in Section 1.7 below), subject to any applicable limitations set forth in Sections 4.8 and 5, below; (iv) any use imposed by or through the condemnation power of any public agency or utility; (v) habitat conservation or restoration that is consistent with either (1) the AMP adopted for the Project or (2) any applicable NCCP, MSAA and/or SAMP; (vi) other conservation or restoration uses, if approved by the Resource Organizations, USFWS (defined in Section 1.14 below), or CDFG (defined in Section 1.14 below), or, where ACOE (defined in Section 1.14 below) has sole jurisdiction, ACOE; and (vii) uses allowed pursuant to Sections 3.6, 3.7, 4.2(a) and 4.2(b), below.

1.7 Planning Areas. The term "Planning Areas" shall mean those Planning Areas described in the Project Approvals (defined in Section 1.9 below), as modified by this Agreement and depicted as Planning Areas on Exhibit A.

1.8 Project. The term "Project" shall mean that project described in the Project Approvals and as may be implemented by the Subsequent Project Approvals (defined in Section 1.13 below).

1.9 Project Approvals. The term "Project Approvals" shall mean the approvals granted by the County on November 8, 2004 for the permitting, entitlement, implementation, development and operation of the Project, consisting of Planning Application No. PA01-114, General Plan Amendment No. GPA01-01, Zone Change No. ZC01-02, Development Agreement No. DA04-01, the SCRIP and Program EIR No. 589.

1.10 Ranch Plan Planned Community Text. The term "Ranch Plan Planned Community Text" shall mean the text of Zone Change No. ZC01-02, as finally adopted in the Project Approvals.

1.11 Resource Organization Designee. The term "Resource Organization Designee" shall mean the individual or entity identified and duly appointed by the collective Resource Organizations to review and process, on behalf of all Resource Organizations, each request for acknowledgment tendered by RMV, its successors and/or assigns in accordance with the provisions of Section 3.3(b), below, and each request for verification certification tendered by any Party, its successors and/or assigns in accordance with the provisions of Section 15.2, below.

1.12 SAMP. The term "SAMP" shall mean a Special Area Management Plan adopted pursuant to Section 4 of the federal Clean Water Act.

1.13 Subsequent Project Approvals. The term "Subsequent Project Approvals" shall mean approvals, permits and entitlements granted by local, state and/or federal agencies after November 8, 2004 that are necessary for development, implementation and operation of the Project.

1.14 Wildlife/Resource Agencies. The term "Wildlife/Resource Agencies" shall mean, collectively, the United States Fish and Wildlife Service ("USFWS"), United States Army Corps of Engineers ("ACOE"), the California Department of Fish and Game ("CDFG"), and any other local, state and/or federal regulatory agency responsible for the entitlement and/or implementation of the Project.

2. EFFECTIVE DATE. This Agreement shall be effective as of the date ("Effective Date") when all of the following conditions have occurred: (i) all of the Resource Organizations have ratified and approved the terms of this Agreement; (ii) the County Board of Supervisors has ratified and approved the terms of this Agreement; (iii) RMV has ratified and approved the terms of this Agreement; and (iv) all of the signatories for all Parties as set forth below have signed this Agreement.

3. APPROVED USES AND PRACTICES.

3.1 Right to Develop in Conformity with Project Entitlements. Except as otherwise expressly provided in this Agreement, RMV shall have the right, but not the obligation, to develop and implement the Project in accordance with the Project Approvals and Subsequent Project Approvals.

3.2 Development and Use of Project in Conformity with Settlement Agreement. RMV shall not file any application for, or otherwise seek, a Subsequent Project Approval from the County, or any municipal corporation that becomes a succeeding land use permitting authority through annexation, that is inconsistent with the Project Approvals or this Agreement. The Parties acknowledge that the Subsequent Project Approvals granted by the Wildlife/Resource Agencies and/or other permitting authorities may vary from the scope and nature of the Project as contemplated by this Agreement. Irrespective of the scope, nature and extent of Project development activity hereafter authorized/approved by the Wildlife/Resource

Agencies and/or other permitting authorities, RMV shall develop and implement the Project in a manner that complies with the terms and provisions of this Agreement.

3.3 Confirmation of Development Area Boundaries.

(a) At the time of its submission, RMV shall provide to each Resource Organization a copy of any application seeking approval of a Master Area Plan for any Development Area. The Resource Organizations may notify RMV and the County that the boundaries for the Development Area that is the subject of the application are not in conformity with those boundaries depicted in Exhibit A. The provision of such notice shall commence the process set forth in Section 14.2, below.

(b) At any time following the Resource Organizations' receipt of any Master Area Plan application, RMV may request that the Resource Organization Designee provide written acknowledgment of the conformance of the Development Area boundary reflected in Exhibit A with the Development Area boundary depicted in the Master Area Plan application. If the Resource Organization Designee does not provide such written acknowledgement within thirty (30) calendar days of RMV's request, the Development Area boundary in the Master Area Plan application shall be deemed to conform to the Development Area boundary in Exhibit A.

(c) **Allocation/Reallocation of Authorized Development.** RMV shall have the right, consistent with the provisions of the Ranch Plan Planned Community Text, to relocate and/or reallocate residential units, residential uses, and non-residential square footage and uses among and between individual Planning Areas in order to allow, within the Development Areas depicted in Exhibit A, for the full development of residential units, residential uses and nonresidential square footage and uses authorized in the Project Approvals and Subsequent Project Approvals, and to allow for the fulfillment of Project conditions of approval and Development Agreement obligations (including facilitating the County's efforts and obligations regarding affordable housing as set forth in the Project Development Agreement), provided that any such reallocation complies with the other terms and provisions of this Agreement. This Section 3.3(c) applies only to uses within Development Areas and is not intended to authorize any additional or expanded uses within Defined Open Space.

3.4 Open Space Uses. Except as expressly authorized by this Agreement, uses within Defined Open Space shall be limited to Open Space Uses. Except as otherwise limited or modified by this Agreement, RMV shall have the right, but not the obligation, to conduct and perform any/all of the Open Space Uses within any/all portions of the Ranch Plan Area.

3.5 Conduct of Ranching and Agricultural Practices in Development Areas. RMV shall have the right, but not the obligation, to carry out and conduct ranching and agricultural practices throughout the Development Areas (and each of them) in a manner consistent with the Project Approvals and Subsequent Project Approvals.

3.6 Recycling and Recovery Facility. RMV shall have the right, but not the obligation, to relocate, maintain, operate and/or lease a recycling and recovery facility

("Recycling Facility") adjacent to Avenida La Pata and within the bounds of the area depicted as "Recycling and Recovery Facility Area" in the attached Exhibit C. The Recycling Facility shall not exceed fifteen (15) acres in size, and use of the facility/area shall be limited to the collection, sorting, processing, storage and distribution of recyclable materials.

3.7 Employee Housing. RMV shall have the right, but not the obligation, to relocate, maintain, and operate employee housing within the bounds of the area proximately depicted as "Employee Housing Area" in the attached Exhibit D.

4. ACTIVITIES WITHIN IDENTIFIED PLANNING AREAS.

4.1 Planning Area 6. No development activities shall occur in Planning Area 6 (depicted as "PA 6" in Exhibit A) other than Open Space Uses.

4.2 Planning Area 7. Development activities within Planning Area 7 (depicted as "PA 7" in Exhibit A) shall be limited to Open Space Uses and the following uses/activities:

(a) **Rancho Mission Viejo Headquarters Facilities.** RMV shall have the right, but not the obligation, to construct, maintain, access and occupy new headquarters facilities (the "RMV HQ") within the boundaries of Planning Area 7 of substantially the same size, scale, range of uses (including office uses for general and administrative purposes, ranch-related guest houses, public meeting space, helistops and associated infrastructure, such as fuel modification and water quality facilities), and traffic generation (calculated in accordance with I.T.E. Trip Generation Manual, as amended), as RMV's existing headquarters facility. The new RMV HQ shall be located within the bounds of the area depicted as "Rancho Mission Viejo Headquarters" in the attached Exhibit E (the "RMV HQ Area"). The RMV HQ Area shall not exceed 25 acres in size. RMV shall use its best efforts to site and design the RMV HQ so as not to cause an increase in existing pollutant and sedimentation levels in Cristianitos Creek. RMV shall have sole discretion and authority over the design, functionality and time and phasing of construction of the new facility, subject to the limitations set forth in this paragraph.

(b) **Orchard Operations.** RMV shall also have the right, but not the obligation, to establish, cultivate and maintain an additional 50 acres of land for orchard purposes. The additional orchard acreage shall be located within the bounds of the area depicted as "Potential Orchards" in the attached Exhibit F. Siting of the orchards shall be: (i) consistent with the location of, or criteria for location of, the orchards established by an approved NCCP; or (ii) in the absence of an approved NCCP, shall avoid sensitive species and habitats. In the absence of an approved NCCP, RMV shall solicit the comments of the Resource Organizations with respect to the siting of the orchards and shall make any requested adjustments or modifications to the proposed location to the extent practicable and financially feasible. RMV shall use its best efforts to utilize reclaimed water resources for irrigation of all orchard areas located within Planning Area 7.

4.3 Planning Area 8. Development activities within Planning Area 8 (depicted as "PA 8" in Exhibit A) shall be limited to Open Space Uses and the following uses/activities:

(a) 500-Acre Development Area. RMV shall have the right, but not the obligation, to conduct development activities, including fuel modification, within a maximum 500-acre portion of Planning Area 8 (the "PA 8 Development Area"). The portions of Planning Area 8 outside of the PA 8 Development Area shall be deemed Defined Open Space subject to the applicable limitations set forth in this Agreement. RMV's development rights within the PA 8 Development Area shall be as follows:

(i) Scope of Approved Development Activities and Uses. Only those development activities and uses that are authorized by the Project Approvals and Subsequent Project Approvals shall be allowed within the PA 8 Development Area.

(ii) Timing. Development activities within the PA 8 Development Area shall not occur until the current ground lease between RMV and Northrop-Grumman is no longer in effect, and the PA 8 Development Area configuration has been established following the completion of the monitoring and telemetry studies required by this Section 4.3.

(iii) Configuration of PA 8 Development Area.

(1) Identification of PA 8 Development Area;

Studies. The location and configuration of the 500-acre PA 8 Development Area shall be determined by RMV, subject to the requirements described below, at any time following the completion of five (5) years of monitoring and telemetry studies assessing population, habitat and home range for the arroyo toad, and the submittal of those studies and information to the Resource Organizations and the relevant Wildlife/Resource Agencies. RMV shall be responsible for identifying the consultants undertaking the studies and the proposed elements and scope of the studies. RMV shall provide notice of the identity of the consultants undertaking the studies to the Resource Organizations, and shall obtain written approval of said consultants and the proposed scope of the studies from the Resource Organizations, USFWS or CDFG. RMV shall bear all costs and expenses associated with the preparation of the studies.

(2) Collaborative Process -- Executed NCCP. In the event that an NCCP applicable to Planning Area 8 has been fully executed by the County and RMV prior to the submittal of an application for development within the PA 8 Development Area, this paragraph shall apply. RMV shall solicit and give due consideration to the Resource Organizations' comments on the proposed configuration of the 500-acre PA 8 Development Area prior to submittal of any development applications relating to the PA-8 Development Area. RMV shall have full authority and discretion over the content of the entitlement application(s), the timing thereof, and the ultimate configuration of the PA 8 Development Area, provided that the configuration is consistent with the NCCP and any conditions mandated/imposed by the relevant Wildlife/Resource Agencies.

(3) Collaborative Process -- No Executed NCCP. In the event that an NCCP applicable to Planning Area 8 has not been fully executed by the County and RMV prior to the submittal of an application for development within Planning Area 8, RMV and the County shall meet and confer with the Resource Organizations and the relevant Wildlife/Resource Agencies concerning the development of a financially feasible and practicable

configuration of the 500-acre PA 8 Development Area that minimizes edge effects, fragmentation and species impacts. RMV shall provide advance, written notice to the other Parties and the relevant Wildlife/Resource Agencies concerning RMV's desire to proceed with development activities in Planning Area 8. Within thirty (30) days following the delivery of said notice, the Parties and the relevant Wildlife/Resource Agencies shall meet to address the configuration of the PA 8 Development Area and to share information/ideas concerning RMV's development intentions. At the conclusion of this thirty-day period, RMV shall prepare a proposed configuration of the PA 8 Development Area and provide notice of the proposed configuration of the PA 8 Development Area to the other Parties and the relevant Wildlife/Resource Agencies. Prior to proceeding with implementation of development activities, RMV shall solicit comments from the other Parties and the relevant Wildlife/Resource Agencies concerning the proposed configuration and shall make any requested adjustments or modifications to the proposed configuration to the extent practicable and financially feasible, and provided that such adjustments would not reduce the PA 8 Development Area below 500 acres.

(iv) Sedimentation and Pollutant-Loading. RMV shall use its best efforts to design and implement all development within the PA 8 Development Area in a manner that maintains sedimentation and pollutant-loading at Gabino Creek, Cristianitos Creek and Talega Creek at levels that are equivalent to, or less than, existing levels. Program EIR No. 589, including the monitoring data summarized in Section 4.5 of Program EIR No. 589 and more fully set forth in Appendices C-1 through C-4 and G-8 of Program EIR No. 589, shall be used to establish the appropriate baselines for identifying current sedimentation and pollutant-loading levels within the portion of the creeks adjacent to and immediately downstream of the proposed development. If the configuration for Planning Area 8 Development Area causes development to drain into Talega Creek, RMV shall augment the data contained in Program EIR No. 589 to provide information to establish the appropriate baselines for identifying current sedimentation and pollutant-loading levels for Talega Creek. In order to ensure compliance with this Section 4.3(a)(iv), RMV shall create, in connection with future applicable entitlement applications prepared for Planning Area 8, a monitoring and remedial action plan consistent with the terms of this Agreement. RMV shall provide the proposed monitoring and remedial action plan to the Resource Organizations for comment and shall make any requested adjustments or modifications to the extent practicable and financially feasible.

(v) Design and Management Features. All development within the PA 8 Development Area shall be constructed so as to reduce impacts to and impede human (and pet) interface with the surrounding natural landscape, at and beyond the edge of the PA 8 Development Area. In furtherance of this requirement, all development within the PA 8 Development Area shall adhere to the design and management features set forth in the attached Exhibit G.

4.4 Planning Area 9. No development activities shall occur in Planning Area 9 (depicted as "PA 9" in Exhibit A) other than those activities, programs and events specifically identified as Open Space Uses.

4.5 Planning Area 2. Development activities within Planning Area 2 (depicted as "PA 2" in Exhibit A) shall be limited to Open Space Uses and the following uses/activities:

(a) Lower Chiquita. Within that area located southerly of the Santa Margarita Water District ("SMWD") wastewater treatment facility more specifically depicted and identified as "Lower Chiquita" in the attached Exhibit H, development may proceed in accordance with the terms established in the Project Approvals and Subsequent Project Approvals.

(b) Lands Proximate to SMWD Wastewater Treatment Facility. Within that area located northerly and easterly of the SMWD wastewater treatment facility more specifically depicted and identified as "SMWD/Chiquita Development Area" in Exhibit H, development may proceed in accordance with the terms established in the Project Approvals and Subsequent Project Approvals. All development activities within the bounds of the SMWD/Chiquita Development Area shall be graded such that uses are oriented away from open space areas located to the north, northwest and east of said Development Area, and views of structures potentially visible from the on-ground vantage points identified as the "Chiquita Creek Vantage Points" on Exhibit H are eliminated.

(c) Middle Chiquita. Within that portion of Planning Area 2 located southerly of and adjacent to Tesoro High School more specifically depicted and identified as "Middle Chiquita Development Area" in Exhibit H, development may proceed, but shall be limited solely to the construction, use and maintenance of residential structures, cemetery facilities and related infrastructure. Residential uses (including multi-family and high density) shall be limited to a total of fifteen (15) acres and shall be contiguous to the high school site. Native vegetation shall be utilized to buffer all cemetery facilities from adjoining open space areas. In addition, to the extent practicable, native landscaping shall be incorporated into and throughout the cemetery facilities.

4.6 Planning Area 3.

(a) Development activities within Planning Area 3 (as reconfigured and depicted in Exhibit A as "PA 3") may proceed in accordance with the terms established in the Project Approvals and Subsequent Project Approvals, except that RMV shall identify and maintain within Planning Area 3 a development setback (the "Planning Area 3 Setback") sufficient to provide a restricted use area not less than 200 meters in width, extending perpendicularly and generally westerly of the centerline of San Juan Creek. The conceptual location of the setback area is depicted in Exhibit A. Notwithstanding any other provision of this Agreement, activities within the Planning Area 3 Setback shall be consistent with the provisions and limitations set forth in Section 4.8, below. Nothing in this Agreement shall limit or otherwise restrict RMV's right to seek and obtain from the relevant Wildlife/Resource Agencies a modification and/or reduction of any other required setback area(s) located westerly of the Planning Area 3 Setback required by this Agreement.

(b) Existing uses of Cow Camp in Planning Area 3 shall not be replaced unless RMV obtains a NCCP or Biological Opinion that addresses potential impacts to the arroyo toad. This Section 4.6(b) shall not apply to the relocation of up to ten (10) units of employee housing as set forth in Section 3.7.

4.7 Planning Area 4. Development activities within Planning Area 4 (depicted as "PA 4" in Exhibit A) shall be limited to Open Space Uses and the following uses/activities:

(a) Identification of PA 4 Development Area. RMV shall have the right, in its sole discretion, to identify a 550-acre development area within Planning Area 4 that generally approximates the location and configuration depicted as "PA 4 Development Area" in Exhibit A. The Parties acknowledge that identification of the precise configuration of the PA 4 Development Area is not presently possible and is subject to modification and adjustment as constraints and opportunities are identified during the performance of future studies and analyses, provided that the final configuration contains no more than 550 acres and is generally similar to that depicted in Exhibit A. Upon RMV's identification of the final PA 4 Development Area configuration, RMV shall provide written notice to the Resource Organizations concerning the identification and shall provide a map/graphic that depicts the final configuration.

(b) SMWD Potential Reservoir Site. RMV, individually and/or through its designee (e.g., SMWD), shall have the right, but not the obligation, to identify, locate and develop at any time an additional 175 acres of land located within Planning Area 4 as a site for a reservoir and accessory uses necessary for the operation of the reservoir. If RMV elects to develop the reservoir site pursuant to this Section 4.7(b), RMV shall solicit from Resource Organizations proposed mitigation measures to ensure the design, construction and operation of the reservoir that minimizes environmental impacts, including impacts caused by invasion of exotic species, and shall implement those measures to the extent they are practicable, economically feasible, and not inconsistent with any mitigation imposed by USFWS, CDFG or any other permitting agency.

(c) Development Activities and Setback Area. Upon final identification/configuration of the PA 4 Development Area, development activities may proceed within said Development Area in accordance with the terms established in the Project Approvals and Subsequent Project Approvals, except that RMV shall identify and maintain within Planning Area 4 a development setback (the "Planning Area 4 Setback") sufficient to provide a restricted use area not less than 200 meters in width, extending perpendicularly and generally easterly of the centerline of San Juan Creek. The conceptual location of the setback area is depicted in Exhibit A. Notwithstanding any other provision of this Agreement, activities within the Planning Area 4 Setback shall be consistent with the provisions and limitations set forth in Section 4.8, below. Nothing in this Agreement shall limit or otherwise restrict RMV's right to seek and obtain from the relevant Wildlife/Resource Agencies a modification and/or reduction of any other required setback area(s) located easterly of the Planning Area 4 Setback required by this Agreement.

4.8 Uses in Setback Areas. To ensure biologically functional upland habitat for the arroyo toad, development activities and uses within the Planning Area 3 Setback (see Section 4.6, above) and the Planning Area 4 Setback (see Section 4.7, above) shall be restricted to the following:

(a) Installation, cultivation and maintenance of predominately native plant species biologically appropriate to the setting.

(b) Creation, installation and maintenance of limited fuel modification zones, trails and interpretative signage that are consistent with local, state and federal agency approvals and requirements.

(c) Creation, installation and maintenance of the following infrastructure facilities necessary for implementation of the Project, provided that said facilities are consistent with any approved/executed NCCP, MSAA and/or SAMP or otherwise authorized by USFWS, or CDFG: (i) natural treatment systems for water quality treatment and related drainage facilities (e.g., outfalls), if such facilities meet arroyo toad ecological requirements as determined by USFWS; (ii) bridge crossings approved by CDFG, (iii) underground water, sewer and power facilities, if accompanied by surface restoration; (iv) other necessary infrastructure facilities that cannot be located within a Development Area outside the Planning Area 3 or Planning Area 4 Setback; and (v) pedestrian, vehicular and other access reasonably necessary to accomplish and perform the uses and activities permitted in this Section 4.8.

5. CRISTIANITOS ROAD. RMV shall have the right to construct, use and maintain Cristianitos Road as a private access road serving: (i) the new RMV headquarters facility; (ii) the Donna O'Neill Land Conservancy; (iii) Existing Agricultural/Ranching Practices; (iv) uses consistent with the existing lease for the Northrop Grumman-Capistrano Test Site; and (v) Open Space Uses. Notwithstanding the private nature of the right-of-way, Cristianitos Road may be utilized as an accessway for emergency service providers and others during times of emergency and crisis, whether said emergency/crisis is private or public in nature, and whether said emergency occurs within or without the boundaries of the Ranch Plan Area or any individual Planning Area. Cristianitos Road shall not otherwise be used to serve development in Planning Area 8 or other development. The precise location, size and geometry of Cristianitos Road shall be determined by RMV, subject to local and regional standards, requirements and constraints, but shall not significantly differ from its current condition.

6. PHASED DEDICATION AND MANAGEMENT OF OPEN SPACE. All portions of the Defined Open Space located within the San Mateo Creek and San Juan Creek watersheds shall ultimately be placed in conservation, agricultural or other restrictive easements (collectively "Conservation Easements"). The Conservation Easements shall incorporate the terms of this Agreement and shall provide a right of enforcement to the Resource Organizations. The required Conservation Easement dedications within each watershed shall occur in phases as development proceeds within the respective watershed, and shall be consistent with the requirements of local, state and federal approvals and entitlements. The specific portions of the Defined Open Space to be placed in a Conservation Easement in the San Juan Creek watershed in connection with the implementation of the Project in Development Areas 1 through 7 and Development Area 9 shall be roughly proportionate to the size of the relevant Development Area and the sensitivity of resources impacted by said Development Area. All of the Defined Open Space in the San Mateo Creek watershed shall be placed in a Conservation Easement upon commencement of development in Development Area 8. As and when dedicated (*i.e.*, upon recordation of a Conservation Easement), the open space areas located and conserved within the individual watersheds will be managed in accordance with the terms and requirements of the relevant Conservation Easement(s), any requirements contained in any applicable NCCP, SAMP or related program(s), any requirements contained in the AMP, and any other permit(s) issued in connection with RMV's development activities within the San Mateo Creek watershed and/or the

San Juan Creek watershed, as appropriate. Conservation Easements will be consistent with the provisions of this Agreement.

7. LONG-TERM MANAGEMENT FUNDING STRATEGY.

7.1 RMV shall cause to be established a long-term funding program for management and oversight of all Defined Open Space areas placed into Conservation Easements. Individual funding resources for the program shall be developed over time as the Project is implemented. Sources of funds may include, but not be limited to: (i) imposition of periodic assessments and/or fees upon development within the Project area; (ii) conservation and habitat bond proceeds; (iii) amounts collected pursuant to the special rule and fee program established for the Southern Subregion NCCP/HCP under Section 4(d) of the Endangered Species Act; and (iv) amounts received from agencies, governmental authorities and other entities/individuals engaged in open space preservation and management activities.

7.2 In the event RMV: (i) conveys or otherwise transfers its fee interest in all or a portion of the Defined Open Space lands to an unaffiliated third party (other than to a public agency or body or a utility); or (ii) relinquishes or otherwise transfers its management authority/rights over all or a portion of the Defined Open Space lands to an unaffiliated third party (other than to a public agency or body or a utility), RMV shall ensure that a funding program is in place adequate to meet the long-term management and oversight needs of those portions of the Defined Open Space conveyed and relinquished.

7.3 Prior to the commencement of any grading or construction activities in connection with new development within any Subarea Plan portion of a Planning Area ("Subarea"), RMV shall provide the Resource Organizations documentation demonstrating that: (i) an Open Space Management Fund ("Fund") has been established for the sole purpose of managing the Defined Open Space to be dedicated in conjunction with development of the subject Subarea consistent with the obligations and requirements established in the Conservation Easements, the AMP, and any other program, permit or entitlement applicable to the Project; (ii) all funds necessary to fully implement management and monitoring requirements for the dedicated open space associated with the Subarea for at least a five-year period have been obtained or committed; (iii) a long-term funding plan for the dedicated open space associated with the Subarea for subsequent years is in place; and (iv) a management plan governing the Defined Open Space lands to be dedicated in conjunction with development of the subject Subarea and incorporating all applicable requirements has been developed. The documentation shall include a detailed five-year budget identifying the projected costs of implementing the plan. After recordation of Conservation Easements, and pending any conveyance and relinquishment of Defined Open Space lands, RMV and/or its designee shall implement the open space management plan using the resources in the Fund.

8. LIMITED RIGHT OF INSPECTION. RMV shall provide Resource Organization representatives Joel Reynolds and/or Dan Silver the opportunity to physically verify, on an annual basis, RMV's compliance with the terms of this Agreement. RMV shall have the right to approve any person nominated to undertake this verification in place of either Joel Reynolds or Dan Silver. and RMV's approval shall not be unreasonably withheld. In the alternative, if the Resource Organizations so elect, the verification of RMV's compliance with

the terms of this Agreement shall be undertaken by the County, in which case the County shall perform the next inspection no later than one (1) year from the date of the last inspection, and on an annual basis thereafter, unless and until such time as the Resource Organizations, by written notice to the County and RMV, elect to resume inspections pursuant to this Section 8. The County's findings from this annual inspection shall be included verbatim in the Annual Monitoring Report required by Section 1. B.11 of the Ranch Plan Planned Community Text, which shall be provided to the Resource Organizations.

9. DISMISSAL OF LITIGATION, ATTORNEYS FEES, AND WAIVER OF CLAIMS.

9.1 Dismissal of Ranch Plan Litigation. Within fifteen (15) days following Effective Date, the Resource Organizations shall dismiss, with prejudice, the Ranch Plan Litigation.

9.2 Attorneys' Fees and Costs. RMV shall pay to the Resource Organizations the sum of Three Hundred Fifty Thousand and No/100 Dollars (\$350,000.00) in full satisfaction of any award to which Resource Organizations may be entitled under Section 1021.5 of the California Code of Civil Procedure. RMV and the Resource Organizations agree that the Resource Organizations may not seek or be awarded any additional amounts for attorneys' fees or costs in connection with the Ranch Plan Litigation. RMV shall pay the foregoing amount within thirty (30) days following the dismissal of the Ranch Plan Litigation. The County shall have no liability for the payment of the attorneys' fees or costs of RMV or the Resource Organizations incurred in connection with the Ranch Plan Litigation.

9.3 Release and Waiver of Claims.

(a) Mutual Release and Waiver.

(i) Resource Organizations. Except for the obligations provided in this Agreement, the Resource Organizations (individually and on behalf of their respective affiliates, directors, officers, employees, governing boards and committees) hereby unconditionally release, remise, acquit and forever discharge RMV and County, and each of their respective representatives, elected and appointed officials, staff, attorneys, employees, agents, heirs, officers, directors, successors and assigns, members, affiliates, partners, joint venturers, subsidiaries, parents, receivers, trustees and shareholders, from any and all claims or causes of action, including any and all administrative or judicial hearings or appeals, or any other litigation in a court of law, either at law or in equity, of any kind, nature and description, presently known or unknown and whether presently existent or arising in the future, relating to the Ranch Plan Litigation, the Project Approvals and/or the Subsequent Project Approvals, which the Resource Organizations currently hold, may hereafter hold or may have held in the past.

(ii) RMV and County. Except for the obligations provided in this Agreement, RMV and the County (individually and on behalf of their respective representatives, elected and appointed officials, staff, attorneys, employees, agents, heirs, officers, directors, successors and assigns, members, affiliates, partners, joint venturers, subsidiaries, parents, receivers, trustees and shareholders) hereby unconditionally release,

remise, acquit and forever discharge the Resource Organizations and each of their respective representatives, members, affiliates, directors, officers, employees, governing boards and committees, from any and all claims or causes of action, including any and all administrative or judicial hearings or appeals, or any other litigation in a court of law, either at law or in equity, of any kind, nature and description, presently known or unknown and whether presently existent or arising in the future, relating to the Ranch Plan Litigation, the Project Approvals and/or the Subsequent Project Approvals, which RMV and/or the County currently hold, may hereafter hold or may have held in the past.

(b) Waiver of California Civil Code Section 1542. The Resource Organizations, the County and RMV agree that the releases contained in Section 9.3(a), above, extend to all claims of any kind or nature, whether known or unknown, suspected or unsuspected, and in that regard the Parties acknowledge that each has read, been advised by counsel concerning, and has considered and understands the full nature, extent and import of the provisions of Section 1542 of the Civil Code of California, which reads as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

The Parties further declare that they knowingly and willingly enter into this Agreement notwithstanding the provisions of Section 1542 of the Civil Code of California. Upon the advice of counsel, the Parties waive and relinquish, now and forever, any and all rights that they now have or may have in the future under Section 1542 to the fullest extent allowed by law.

10. NOTICE OF SETTLEMENT AND DECLARATION OF RESTRICTIONS. Within fifteen (15) days of the Effective Date, RMV shall record in the Office of the Orange County Recorder a "Notice of Settlement and Declaration of Restrictions" in the form attached hereto as Exhibit I.

11. FUTURE STATEMENTS, SUPPORT AND CHALLENGES.

11.1 Joint Public Announcement of Settlement. The Parties hereto shall work in good faith and cooperatively to announce the successful resolution of the Ranch Plan Litigation and the terms of this Agreement in a form substantially similar to the "Joint Public Statement" attached hereto as Exhibit J. The Parties shall also participate in a press conference and/or meeting for the purpose of delivering the Joint Public Statement and demonstrating their mutual commitment to the terms, spirit and purpose of this Agreement.

11.2 Future Statements. No Party, without the prior written consent of the other Parties, shall submit, issue or make any official statements or comments (whether oral or written) to the press or public contradicting the Joint Public Statement.

11.3 Future Support.

(a) Comprehensive Support. At RMV's request, the Resource Organizations (and any of them) may elect to participate in public hearings, press conferences

and other public contexts in support of the Project, the Project Approvals, the Subsequent Project Approvals and any other matter relative to the entitlement, implementation and/or construction of the Project. Endangered Habitats League and Sea and Sage Audubon shall commit to support the Project, as modified by this Agreement, in the context of an approved NCCP.

(b) Specific Support. In addition to the comprehensive support described in Section 11.3(a), above, the Resource Organizations and their respective employees, officers, governing boards and committees covenant that they shall provide the following specific assistance:

(i) Support the extension of Avenida Pico (or similar roadway) from San Clemente to Planning Area 8 in a form that avoids or minimizes impacts to biological resources and is consistent with Wildlife/Resources Agency approvals and with the intended purpose of the roadway.

11.4 Future Challenges.

(a) Comprehensive Restrictions. The Resource Organizations and their respective employees, officers, governing boards and committees covenant not to take any action to challenge, administratively or judicially, RMV's actions in pursuing the development of the Project as permitted by the Project Approvals and Subsequent Project Approvals, all as modified by this Agreement. The Resource Organizations also covenant that neither they nor their respective employees, officers, governing boards or committees shall counsel others to challenge, administratively or judicially, RMV's actions in pursuing the development of the Project as permitted by the Project Approvals and the Subsequent Project Approvals, all as modified by this Agreement.

(b) Limitations. Nothing in this Section 11.4 shall preclude the Resource Organizations from the following:

(i) Submitting comments to the Wildlife/Resource Agencies on any proposed NCCP, SAMP or MSAA insofar as those agreements pertain to lands outside of the Project Boundary shown in Exhibit A ("Project Boundary").

(ii) Submitting comments to the Wildlife/Resource Agencies on any proposed NCCP, SAMP or MSAA insofar as those agreements pertain to the proposed Foothill South Toll Road extension ("Toll Road").

(iii) Challenging or otherwise opposing the Toll Road in any manner.

(iv) Challenging or otherwise opposing any project to be undertaken by a public agency on land to be condemned within the Project Boundary, including the reservoir identified in Section 4.7(b), but not including any infrastructure required for the Project as set forth in Section 1.6 above.

(v) Supporting, challenging, or otherwise opposing any decision by the Wildlife Agencies with respect to listing or de-listing any species as threatened or endangered, or designating or modifying the designation of critical habitat.

(vi) If the Resource Organizations take any action pursuant to subsections (i) through (v), inclusive, of this Section 11.4(b), the Resource Organizations shall not use such listing or critical habitat designation as a basis for modification of the Project and shall state that the Resource Organizations have agreed that the species listing and/or the designation of critical habitat does not create the need for any additional protection associated with the Project for species within the Project Boundary.

(vii) In any litigation relating to the Toll Road, the Resource Organizations shall:

(1) refrain from taking any action to make RMV a party to such action, unless a court of competent jurisdiction makes a determination that RMV is a necessary and indispensable party or otherwise requires RMV to be named as a party, provided however no Party makes any admission with respect to such determination.

(2) refrain from seeking any form of relief that would require modification of the Project;

(3) oppose any motion to join RMV as a party, whether made under Rule 19 of the Federal Rule of Civil Procedure, or otherwise;

(4) represent to the court, through competent evidence, that the Resource Organizations have agreed that species listing and/or the designation of critical habitat does not create the need for any additional protection associated with the Project for species within the Project Boundary; and

(5) release, covenant not to enforce, and oppose the enforcement of, any provision of any judgment or other order in such action that requires modification of the Project.

(c) Specific Restrictions. In addition to the comprehensive restrictions/covenants set forth in Section 11.4(a), above, the Resource Organizations and their respective employees, officers, governing boards and committees covenant not to engage in (or counsel others to engage in) the following specific conduct/activities:

(i) Administratively or judicially oppose any permits granted by the Wildlife/Resource Agencies relative to the PA 8 Development Area. Nothing in this Section shall preclude the Resource Organizations from submitting to the Wildlife/Resource Agencies comments on or objections to RMV's proposed configuration of the PA 8 Development Area in connection with the meet and confer sessions set forth in Section 4.3(a)(iii)(3) above.

(ii) Administratively or judicially oppose any development application that seeks, consistent with Section 3.3, to relocate and/or reallocate residential units,

residential uses, and non-residential square footage and uses among and between individual Planning Areas within Development Areas.

11.5 Sierra Club. Notwithstanding any other provision to the contrary, the obligations of Petitioner Sierra Club under this Section 11, and Section 12 below, shall be limited to the obligations set forth in this Section 11.5. The Sierra Club and its respective employees, officers, governing boards and committees covenant not to take any action to challenge, in a formal administrative or judicial proceeding, any of the following:

(a) RMV's actions in pursuing the development of the Project as permitted by the Project Approvals and Subsequent Project Approvals, all as modified by this Agreement. Nothing in this Section 11.5(a) shall preclude the Sierra Club from the following:

(i) Submitting comments to the Wildlife/Resource Agencies on any proposed NCCP, SAMP or MSAA insofar as those agreements pertain to lands outside of the Project Boundary.

(ii) Submitting comments to the Wildlife/Resource Agencies on any proposed NCCP, SAMP or MSAA insofar as those agreements pertain to the proposed Foothill South Toll Road extension ("Toll Road").

(iii) Challenging or otherwise opposing the Toll Road in any manner.

(iv) Challenging or otherwise opposing any project to be undertaken by a public agency on land to be condemned within the Project Boundary, including the reservoir identified in Section 4.7(b), but not including any infrastructure required for the Project as set forth in Section 1.6 above.

(v) Supporting, challenging, or otherwise opposing any decision by the Wildlife Agencies with respect to listing or de-listing any species as threatened or endangered, or designating or modifying the designation of critical habitat.

(vi) If the Sierra Club takes any action pursuant to subsections (i) through (v), inclusive, of this Section 11.5(a), the Sierra Club shall not use such listing or critical habitat designation as a basis for modification of the Project or for seeking any additional protection associated with the Project for species within the Project Boundary.

(b) The extension of Avenida Pico (or similar roadway) from San Clemente to Planning Area 8 in a form that avoids or minimizes impacts to biological resources consistent with Wildlife/Resources Agency approvals and with the intended purpose of the roadway.

(c) Any permits granted by the Wildlife/Resource Agencies relative to the PA 8 Development Area, provided that nothing in this Section 11.5 shall preclude the Sierra Club from submitting to the Wildlife/Resource Agencies comments on or objections to RMV's proposed configuration of the PA 8 Development Area in connection with the meet and confer sessions set forth in Section 4.3(a)(iii)(3), above.

(d) Any development application that seeks, consistent with Section 3.3, to relocate and/or reallocate residential units, residential uses, and non-residential square footage and uses among and between individual Planning Areas within Development Areas.

11.6 Limitations. Nothing in this Section 11 shall preclude Resource Organizations from opposing or challenging any action of RMV that is inconsistent with the Project Approvals, Subsequent Approvals, or this Agreement.

12. ASSISTANCE IN ACHIEVING GLOBAL ACCEPTANCE OF RESOLUTION. The Parties shall work cooperatively and use their best efforts to obtain global acceptance of the terms, provisions and conditions of this Agreement by the Center for Biological Diversity, the California Native Plant Society, the Surfrider Foundation, and the Friends of Harbors, Beaches and Parks.

13. NO ACQUISITION FUNDING. The Parties acknowledge that no acquisition funding is necessary or otherwise required precedent to the Parties' execution and performance of the terms and provisions of this Agreement. Notwithstanding this acknowledgement, RMV shall have the right, and not the obligation, to seek funding from other public and private sources in connection with development of the Ranch Plan Area.

14. REMEDIES.

14.1 Available Remedies In The Event Of Breach.

(a) The Parties agree that, in the event of a breach under this Agreement, and following exhaustion of the process set forth in Section 14.2 below, the sole and exclusive remedies available to the other Parties shall be: (i) to enforce, by specific performance, the obligations hereunder of the breaching party; or, (ii) obtain an appropriate injunction to ensure compliance with the terms of this Agreement; or, (iii) to exercise any other rights or remedies specifically set forth herein. No Party shall be required or compelled to take any action, or refrain from taking any action, other than those actions required by this Agreement.

(b) The Parties agree, that in the event of a breach by the Resource Organizations, or any one of them, of the provisions of Section 11.4(a) or Section 11.5(a) of this Agreement, the Resource Organization(s) shall provide an official letter disavowing any action taken by the Resource Organization(s) or a member of the Resource Organization(s) which is prohibited by Section 11.4 and shall provide said letter to RMV and the County.

(c) The Parties agree, that in the event of a breach by the Resource Organizations, or any one of them, of the provisions of Section 11.4(b) of this Agreement, RMV shall have the right to submit this form of letter to the appropriate agency in the form attached hereto as Exhibit K.

(d) The Parties agree, that if the Sierra Club takes any action pursuant to subsections (i) through (v), inclusive, of Section 11.5(a), and does not affirmatively state that the Sierra Club has agreed that the species listing and/or the designation of critical habitat does not create the need for any additional protection associated with the Project for species within the

Project Boundary, RMV shall have the right to submit the form of letter to the appropriate agency in the form attached hereto as Exhibit K.

14.2 Process in the Event of Breach.

(a) Notice of Breach. Within ten (10) business days of its determination that another Party has breached the provisions of this Agreement, a Party shall notify the other Party of this determination in writing and provide a written explanation of the basis of its determination.

(b) Response to Notice of Breach. Within fifteen (15) business days of its receipt of the notice set forth in Section 14.2(a), above, the Party receiving said notice shall provide a written response to the notifying Party indicating its concurrence with, or rejection of, the determination of breach, or indicating that the alleged breach has no bearing on that Party's obligations under this Agreement, as the case may be.

(c) Meet and Confer Obligation. Should the Parties disagree with respect to the determination of breach of this Agreement, or the remedy necessary to cure any alleged breach, as soon as is feasible, but in no event later than fifteen (15) days of the receipt by the Party claiming the breach of all responses by the alleged breaching Party, or other mutually agreeable date, the Parties shall meet and confer in good faith in an attempt to resolve any differences.

(d) Court Resolution of Breaches. It is the intent of the Parties that the Superior Court for the State of California in and for the County of Orange (the "Court") shall be the appropriate venue for resolving any disputes between the Parties as to the enforcement or interpretation of this Agreement. In the event that the dispute is not resolved through the procedures set forth in this Section 14.2, then the Party claiming the breach shall be entitled immediately to seek relief from the Court. No Party shall be entitled to seek relief from the Court without having complied with procedures set forth in this Section 14.2, except where the alleged breach would result in irreparable harm if immediate relief were not obtained.

15. RELEASE AND VERIFICATION.

15.1 Self-Executing Release.

(a) The terms, conditions and obligations of this Agreement shall be deemed automatically satisfied, terminated and released, without the need for further documentation or avowal from any Party, as to any portion of a Development Area, except for Planning Area 8 Development Area, ("Released Property") where the Released Property is the subject of a conveyance to buyer or transferee who is entitled to receive, by reason of such conveyance, a subdivision public report pursuant to California Business and Professions Code Section 11018.2 or any similar statute hereafter in effect.

(b) With respect to the Planning Area 8 Development Area, the terms, conditions and obligations of this Agreement shall be deemed automatically satisfied, terminated and released, without the need for further documentation or avowal from any Party, as to any portion of Planning Area 8 (the "Planning Area 8 Released Property"), where: (i) the Planning

Area 8 Released Property is the subject of a conveyance to buyer or transferee who is entitled to receive, by reason of such conveyance, a subdivision public report pursuant to California Business and Professions Code Section 11018.2 or any similar statute hereafter in effect; and (ii) the conditions, restrictions and covenants applicable to Planning Area 8 Development Area have been recorded at the time of subdivision.

15.2 Verification Certification. Any Party may, at any time, and from time to time, deliver written notice to any other Party requesting such Party to certify in writing, in the form attached hereto as Exhibit L, that, to the knowledge of the certifying Party, the certifying Party has not served the Party requesting the certification with a notice of breach pursuant to the provisions of Section 14.2 of this Agreement that has not been resolved to the satisfaction of the certifying Party. A Party receiving a request hereunder shall execute and return such certificate within thirty (30) days following the receipt thereof. The Director of the Planning and Development Services Department of County (or his/her designee) shall have the right to execute on behalf of the County any certificate requested pursuant to the provisions of this Section 15.2; the Resource Organization Designee shall have the right to execute on behalf of the Resource Organizations (and each of the Resource Entities) any certificate requested pursuant to this Section 15.2. Notwithstanding the preceding sentence, in no event shall the Resource Organization Designee or the Resource Organizations be required to furnish RMV more than three (3) verification certifications in any given calendar year.

16. MISCELLANEOUS.

16.1 No Prior Assignments. The Parties hereto represent and warrant that they have not heretofore assigned or transferred or purported to assign or transfer, to any other person, entity, firm or corporation whatsoever, any claim, debt, liability, demand, obligation, expense, action or causes of action herein released.

16.2 Binding on Successors. This Agreement and its terms shall be binding upon and enforceable against each of the Parties hereto and each and all of their respective successors, assignees, buyers, grantees, vendees, or transferees, and their direct or indirect affiliates, partners, joint venturers, subsidiaries, parents, representatives, receivers, trustees, officers, directors, employees, agents, shareholders, members and elected and appointed officials and each of them, wherever located.

16.3 Right To Enforce. Only the Parties hereto may enforce this Agreement against any other Party, and their respective successors, assignees, buyers, grantees, vendees, or transferees, and their direct or indirect affiliates, partners, joint venturers, subsidiaries, parents, representatives, receivers, trustees, officers, directors, employees, agents, shareholders, members and elected and appointed officials and each of them.

16.4 Assignment. The Resource Organizations, collectively and individually, shall not be entitled to assign or otherwise transfer their respective rights under this Agreement without the prior written consent of RMV, which consent may be withheld in the sole discretion of RMV, except that if there is only one Resource Organization in existence at the time of a proposed transfer which requires the prior written consent of RMV, such consent shall not be

unreasonably withheld. RMV may assign its rights under this Agreement by written assignment executed by RMV and such assignee.

16.5 Settlement of Disputed Claims. The Parties hereto understand and agree that this settlement is a compromise of disputed claims, and that no Party's actions under this Agreement shall be construed as an admission of liability. The Parties hereto expressly acknowledge that nothing in this Agreement or any action taken in furtherance of this Agreement shall be deemed an admission regarding the adequacy of Program EIR No. 589, the Project, the Project Approvals or the Subsequent Project Approvals.

16.6 Entire Agreement. This writing constitutes the entire agreement among the Parties. Any amendment of this Agreement shall only be valid upon written execution of such amendment by the Parties. Further, none of the Parties to this Agreement shall be bound by any representations, warranties, promises, statements, or information unless expressly set forth herein.

16.7 Factual Investigation. Each Party has conducted its own factual investigation, is not relying on any other Party, and assumes the risk that there are material unknown facts or that facts are other than as is presumed. The Parties further acknowledge that they are aware that they may hereafter discover material facts in addition to or different from those which they now know or believe to be true with respect to the subject matter of this Agreement, and further acknowledge that there may be future events, circumstances, or occurrences materially different from those they know or believe likely to occur, but that it is their intention to enter into and be bound by this Agreement.

16.8 Agreement May Be Pleaded as a Defense. In connection with any demand or cause of action related to a matter released in Sections 9.3(a) and (b), this Agreement may be pleaded as a defense by the Parties hereto and shall operate to effect a dismissal of such demand or cause of action.

16.9 Captions. The captions of the various sections in this Agreement are for convenience and organization only, and are not intended to be any part of the body of this Agreement, nor are they intended to be referred to in construing the provisions of this Agreement.

16.10 Exhibits. All exhibits referenced in this Agreement are made a part of and incorporated herein.

16.11 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

16.12 Notices, Demands and Communications Between the Parties. Formal written notices, demands, correspondence and communications between the Parties shall be sufficiently given if delivered personally (including delivery by private courier), dispatched by certified mail, postage prepaid and return receipt requested, or delivered by nationally recognized overnight courier service, or by electronic facsimile transmission followed by delivery of a "hard" copy to the offices of the Parties indicated below.

If to Resource Organizations: Endangered Habitats League
8424-A Santa Monica Blvd, # 592
Los Angeles, CA 90069
Attn: Dan Silver
Executive Director

Natural Resources Defense Council, Inc.
1314 Second Street
Santa Monica, CA 90401
Attn: Joel Reynolds
Senior Attorney

Sea and Sage Audubon Society
c/o 24911 Hayuco
Mission Viejo, CA 92692
Attn: Scott Thomas
Conservation Co-Chair

Laguna Greenbelt
P.O. Box 860
Laguna Beach, CA 92652
Attn: Elisabeth Brown
President

Sierra Club
Angeles Chapter
3435 Wilshire Blvd., Suite 320
Los Angeles, CA 90010-1904
Attn: Executive Committee Chair

With a copy to: Shute, Mihaly & Weinberger, LLP
396 Hayes Street
San Francisco, CA 94102
Attn: William J. White

Sierra Club Environmental Law Program
85 Second Street, 2nd Floor
San Francisco, CA 94105
Attn: Coordinating Attorney

If to County: Director, Resources and Development
Management Department
300 North Flower Street, 8th Floor
Santa Ana, CA 92701
Attn: Bryan Speegle, Director

With a copy to: Orange County Counsel
10 Civic Center Plaza, 4th Floor
Santa Ana, CA 92701
Attn: Jack W. Golden, Supervising Deputy Counsel

If to RMV: c/o Rancho Mission Viejo, LLC
28811 Ortega Highway
P.O. Box 9
San Juan Capistrano, CA 92693
Attn: Mr. Richard Broming

With a copy to: Morgan, Lewis & Bockius LLP
5 Park Plaza, Suite 1750
Irvine, CA 92614
Attn: Rollin B. Chippey II

Such written notices, demands, correspondence and communications may be sent in the same manner to such persons and addresses as any Party may from time-to-time designate in writing at least fifteen (15) days prior to the name or address change and as provided in this Section 16.12.

Notices personally delivered shall be deemed to have been received upon delivery. Notices delivered by certified mail, as provided above, shall be deemed to have been given and received on the first to occur of: (a) actual receipt by any of the addressees designated above as the Party to whom notices are to be sent; or (b) within five (5) days after a certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. Notices delivered by nationally recognized overnight courier service (such as Federal Express) as provided above shall be deemed to have been received twenty-four (24) hours after the date of deposit. Notices delivered by electronic facsimile transmission shall be deemed received upon receipt of sender of electronic confirmation of delivery, provided that a "hard" copy is delivered by overnight courier as provided above.

16.13 Counterparts. This Agreement may be executed in one or more counterparts, and all the counterparts shall constitute but one and the same Agreement, notwithstanding that all Parties hereto are not signatories to the same or original counterpart.

16.14 Nonwaiver. Unless otherwise expressly provided in this Agreement, no waiver by a Party of any provision hereof shall be deemed to have been made unless expressed in writing and signed by such Party. No delay or omission in the exercise of any right or remedy accruing to any Party upon any breach under this Agreement shall impair such right or remedy or be construed as a waiver of any such breach theretofore or thereafter occurring. The waiver by a Party of any breach of any term, covenant or condition herein stated shall not be deemed to be a waiver of any other term, covenant or condition.

16.15 Authority. The persons signing below represent that they have the authority to bind their respective Party and that all necessary board of supervisors', board of directors', shareholders' or other approvals have been obtained.

16.16 Understanding of Terms. The Parties each hereby affirm and acknowledge that they have read this Agreement, that they know and understand its terms, and have signed it voluntarily and after having been advised by counsel. The Parties have had a full and unhindered opportunity to consult with their attorneys, accountants, financial advisors and such other consultants, as they may have desired prior to executing this Agreement.

16.17 Construction. The Parties acknowledge that each Party and its counsel have reviewed this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendment or exhibits hereto.

16.18 No Third Party Beneficiaries. This Agreement shall not create or bestow any lien or property right in any third party. The Parties agree that no third party beneficiary to this Agreement exists and that nothing contained herein shall be construed as giving any other person or entity third party beneficiary status.

16.19 No Requirement to Build. The Parties hereto agree that, notwithstanding anything to the contrary herein, this Agreement shall not obligate RMV to undertake all or any part of the Project; however, if and when RMV proceeds to construct the Project, RMV shall do so in conformance with the provisions of this Agreement.

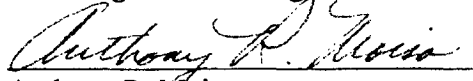
16.20 Further Assurances. The Parties shall promptly perform, execute and deliver or cause to be performed, executed and delivered any and all acts, deeds and assurances, including the delivery of any documents, as either Party may reasonably require in order to carry out the intent and purpose of this Agreement.


IN WITNESS WHEREOF, the Parties hereto have executed one or more copies of this Agreement as of the date first set forth above.

"RMV"

DMB SAN JUAN INVESTMENT NORTH, LLC,
a Delaware limited liability company

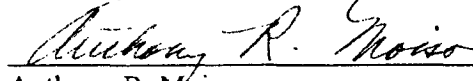
By: Rancho Mission Viejo, LLC,
a Delaware limited liability company,
as authorized agent and manager


By: 
Anthony R. Moiso
President and Chief Executive Officer

By: 
Donald L. Vodra
Chief Operating Officer

RMV MIDDLE CHIQUITA, LLC,
a California limited liability company

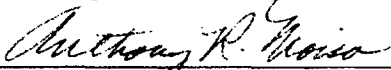
By: Rancho Mission Viejo, LLC,
a Delaware limited liability company,
as authorized agent and manager


By: 
Anthony R. Moiso
President and Chief Executive Officer

By: 
Donald L. Vodra
Chief Operating Officer

RMV RANCH HOUSE, LLC,
a California limited liability company


By: Rancho Mission Viejo, LLC,
a Delaware limited liability company,
as authorized agent and manager


By: 
Anthony R. Moiso
President and Chief Executive Officer

By: 
Donald L. Vodra
Chief Operating Officer

RMV HEADQUARTERS, LLC,
a California limited liability company

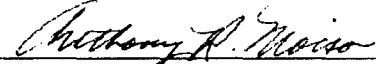
By: Rancho Mission Viejo, LLC,
a Delaware limited liability company,
as authorized agent and manager


By: 
Anthony R. Moiso
President and Chief Executive Officer

By: 
Donald L. Vodra
Chief Operating Officer

RMV SAN JUAN WATERSHED, LLC,
a California limited liability company


By: Rancho Mission Viejo, LLC,
a Delaware limited liability company,
as authorized agent and manager


By: 
Anthony R. Moiso
President and Chief Executive Officer

By: 
Donald L. Vodra
Chief Operating Officer

RMV SAN MATEO WATERSHED, LLC,
a California limited liability company

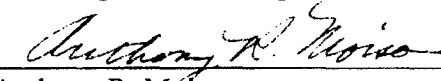
By: Rancho Mission Viejo, LLC,
a Delaware limited liability company,
as authorized agent and manager

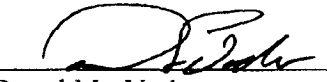
By: 
Anthony R. Moiso
President and Chief Executive Officer

By: 
Donald L. Vodra
Chief Operating Officer

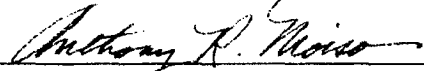
RMV BLIND CANYON, LLC,
a California limited liability company


By: Rancho Mission Viejo, LLC,
a Delaware limited liability company,
as authorized agent and manager

By: 
Anthony R. Moiso
President and Chief Executive Officer

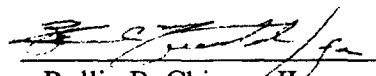
By: 
Donald L. Vodra
Chief Operating Officer

RANCHO MISSION VIEJO, LLC,
a Delaware limited liability company

By: 
Anthony R. Moiso
President and Chief Executive Officer

By: 
Donald L. Vodra
Chief Operating Officer

Approved as to Form
Morgan, Lewis & Bockius LLP

By: 
Rollin B. Chippey II

"Resource Organizations"

ENDANGERED HABITATS LEAGUE,
a California not-for-profit corporation

By: [Signature]
Name: Don Silver
Title: President

By: [Signature]
Name: JESS MARTON
Title: TREASURER

NATURAL RESOURCES DEFENSE COUNCIL,
INC., a not-for-profit corporation organized under
the laws of the State of New York

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

SEA AND SAGE AUDUBON SOCIETY,
a California not-for-profit corporation and a
chapter of The National Audubon Society

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

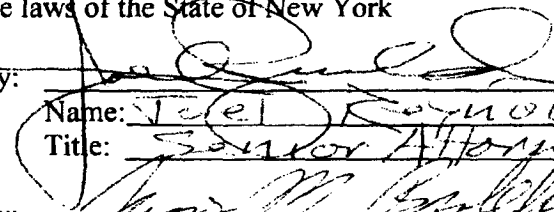
"Resource Organizations"

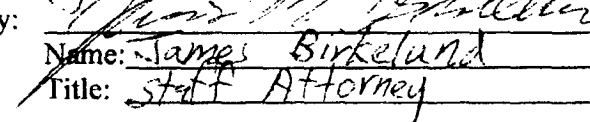
ENDANGERED HABITATS LEAGUE,
a California not-for-profit corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

NATURAL RESOURCES DEFENSE COUNCIL,
INC., a not-for-profit corporation organized under
the laws of the State of New York

By:  _____
Name: Joel Reynolds
Title: Senior Attorney

By:  _____
Name: James Birkeland
Title: Staff Attorney

SEA AND SAGE AUDUBON SOCIETY,
a California not-for-profit corporation and a
chapter of The National Audubon Society

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

"Resource Organizations"

ENDANGERED HABITATS LEAGUE,
a California not-for-profit corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

NATURAL RESOURCES DEFENSE COUNCIL,
INC., a not-for-profit corporation organized under
the laws of the State of New York

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

SEA AND SAGE AUDUBON SOCIETY,
a California not-for-profit corporation and a
chapter of The National Audubon Society

By: Thomas C. Croon
Name: THOMAS C. CROON
Title: PRESIDENT

By: Scott E. Thomas
Name: Scott E. Thomas
Title: Conservation Chair

LAGUNA GREENBELT, INC.,
a California not-for-profit corporation

By: [Signature]
Name: Elisabeth M. Brown, Ph.D
Title: President
By: [Signature]
Name: WAYNE A. YBARRA
Title: SECRETARY

SIERRA CLUB,
a California not-for-profit corporation

By: _____
Name: _____
Title: _____
By: _____
Name: _____
Title: _____

Approved as to Form
Shute, Mihaly & Weinberger,
LLP

By: _____
William J. White

LAGUNA GREENBELT, INC.,
a California not-for-profit corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

SIERRA CLUB,
a California not-for-profit corporation

By: Virgil B. Shields
Name: Virgil B. Shields
Title: Angeles Chapter Chair

By: William Curcuran
Name: William Curcuran
Title: SR. Regional Representative

Approved as to Form
Shute, Mihaly & Weinberger, LLP

By: _____
William J. White

LAGUNA GREENBELT, INC.,
a California not-for-profit corporation

By: _____
Name: _____
Title: _____

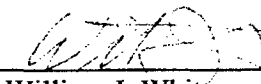
By: _____
Name: _____
Title: _____

SIERRA CLUB,
a California not-for-profit corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Approved as to Form
Shute, Mihaly & Weinberger, LLP

By:  _____
William J. White

"County"

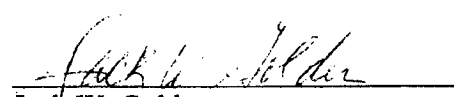
COUNTY OF ORANGE,
a political subdivision of the State of California

By: Orange County Board of Supervisors

By: Office of the County Counsel, County of Orange
Its: Authorized Agent and Delegate

By: Benjamin P. de Mayo, County Counsel

By:



Jack W. Golden
Supervising Deputy

List of Exhibits

Exhibit A – Ranch Plan Settlement Area Map

Exhibit B – Uses Prohibited in Defined Open Space

Exhibit C – Map Depicting Boundaries of Recycling and Recovery Facility Area

Exhibit D – Map Depicting Boundaries of Employee Housing Area

Exhibit E – Map Depicting Boundaries of RMV HQ Area

Exhibit F – Map Depicting Boundaries of Potential Orchards

Exhibit G – Design and Management Features for PA 8 Development Area

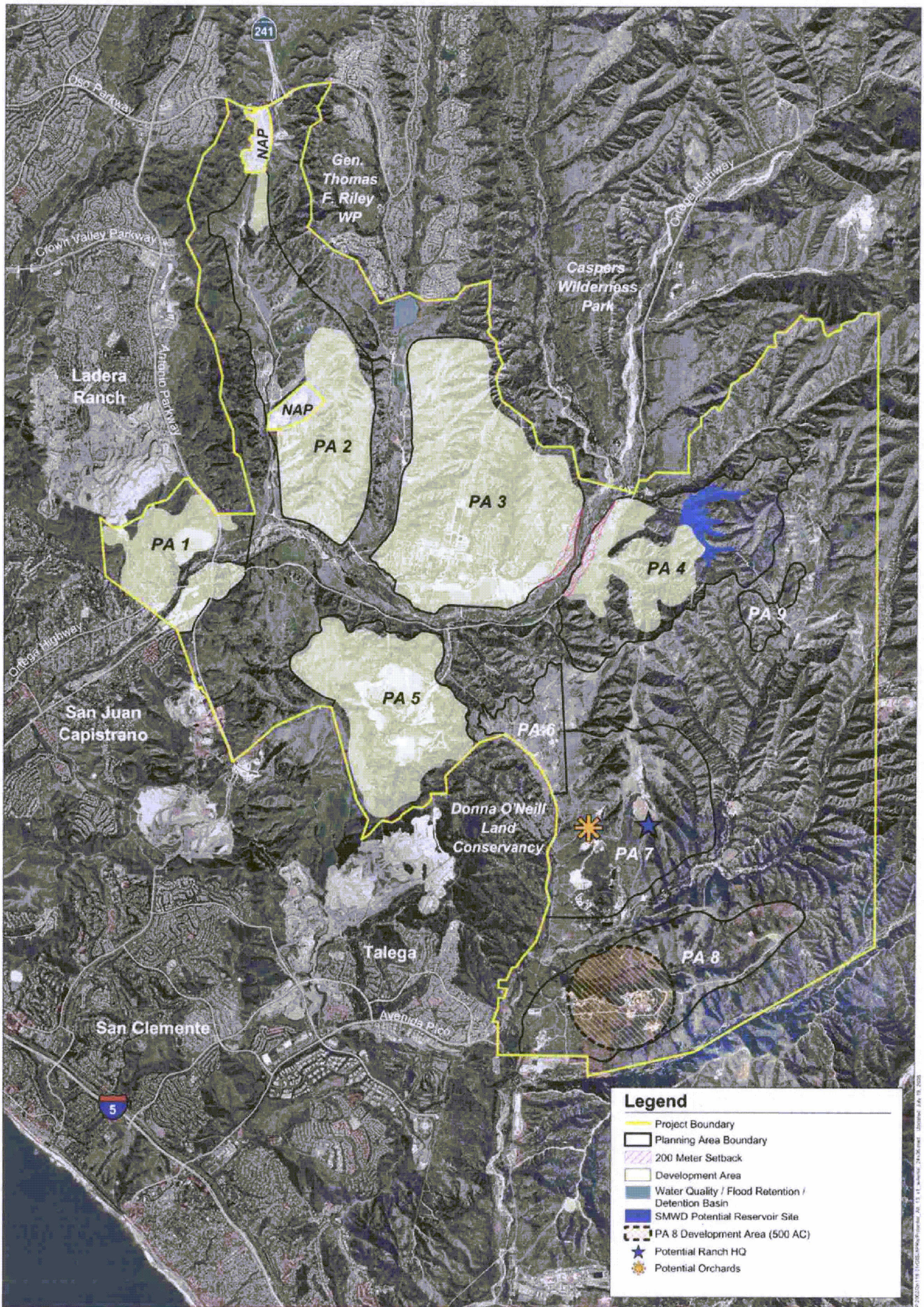
Exhibit H – Map Depicting Planning Area 2 / Chiquita Project Areas

Exhibit I – Notice of Settlement Agreement and Declaration of Restrictions

Exhibit J – Joint Public Announcement

Exhibit K – Form of Letter to Address Breach of Section 11.4(b) and 11.5(a)

Exhibit L – Form of Verification Certification



Ranch Plan Settlement Area Map

Exhibit A

July 29th, 2005



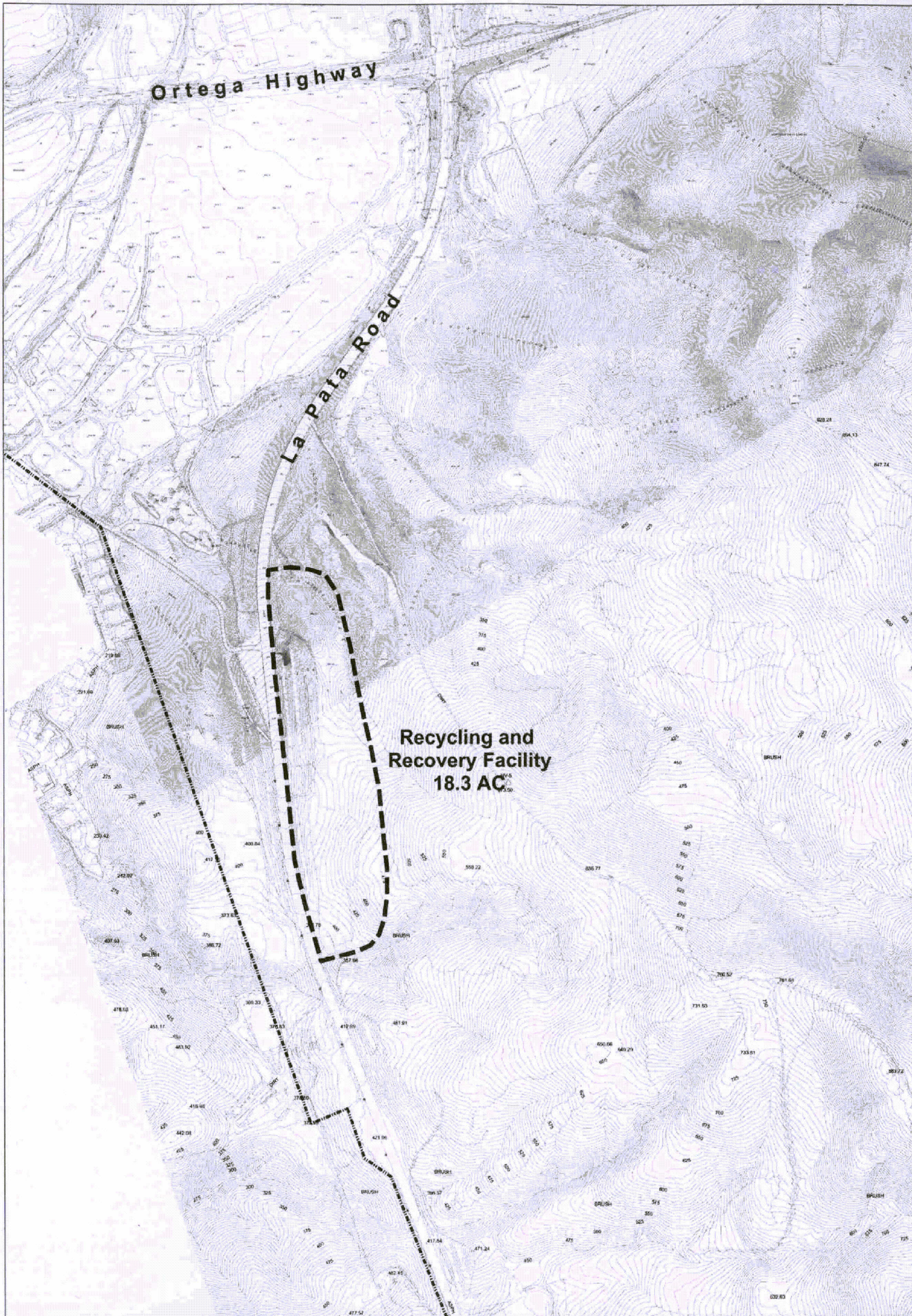
Exhibit B

Uses Prohibited in Defined Open Space

Notwithstanding their classification in the Project Approvals as approved open space uses, the following uses and activities shall be prohibited within the Defined Open Space.

1. Nurseries
2. Construction offices
3. Maintenance yards
4. Commercial stables (except the St. Augustine's Training Center and Stables or successors in its current location.)
5. Research and development facilities (except for the uses at the Northrop Grumman-Capistrano Test Site permitted by the lease)
6. Waste disposal operations and associated uses (except the Recycling and Recovery facility as described in Section 3.7 of this Agreement.
7. Storage facilities
8. Mining and quarrying of materials
9. Materials recycling and recovery facilities (except for the Recycling and Recovery Facility described in Section 3.7 of this Agreement)
10. New, expanded and/or relocated citrus or other orchard crops (not including the additional 50 acres of orchards allowed pursuant to Section 4.2(b) of this Agreement)
11. New, expanded and/or relocated dry farming
12. Irrigated crops (except citrus or other orchard crops as provided in Paragraph 10, above)
13. Packing plants (except when located within allowed orchards)
14. Any uses or activities that are not Existing Agricultural/Ranching Practices as defined in section 1.4 of this Agreement, except as expressly authorized by this Agreement.
15. Caretaker or employee housing and related facilities except as authorized by Sections 3.8 and 4.2(a) of this Agreement.
16. Feed lots
17. Active recreation and related facilities except Existing Agricultural/Ranching Practices

18. **Passive public recreation except as may be authorized via an NCCP or equivalent ecologically-based management plan**
19. **Fire station or permanent wildland fire training facility**
20. **Fuel modification zones**

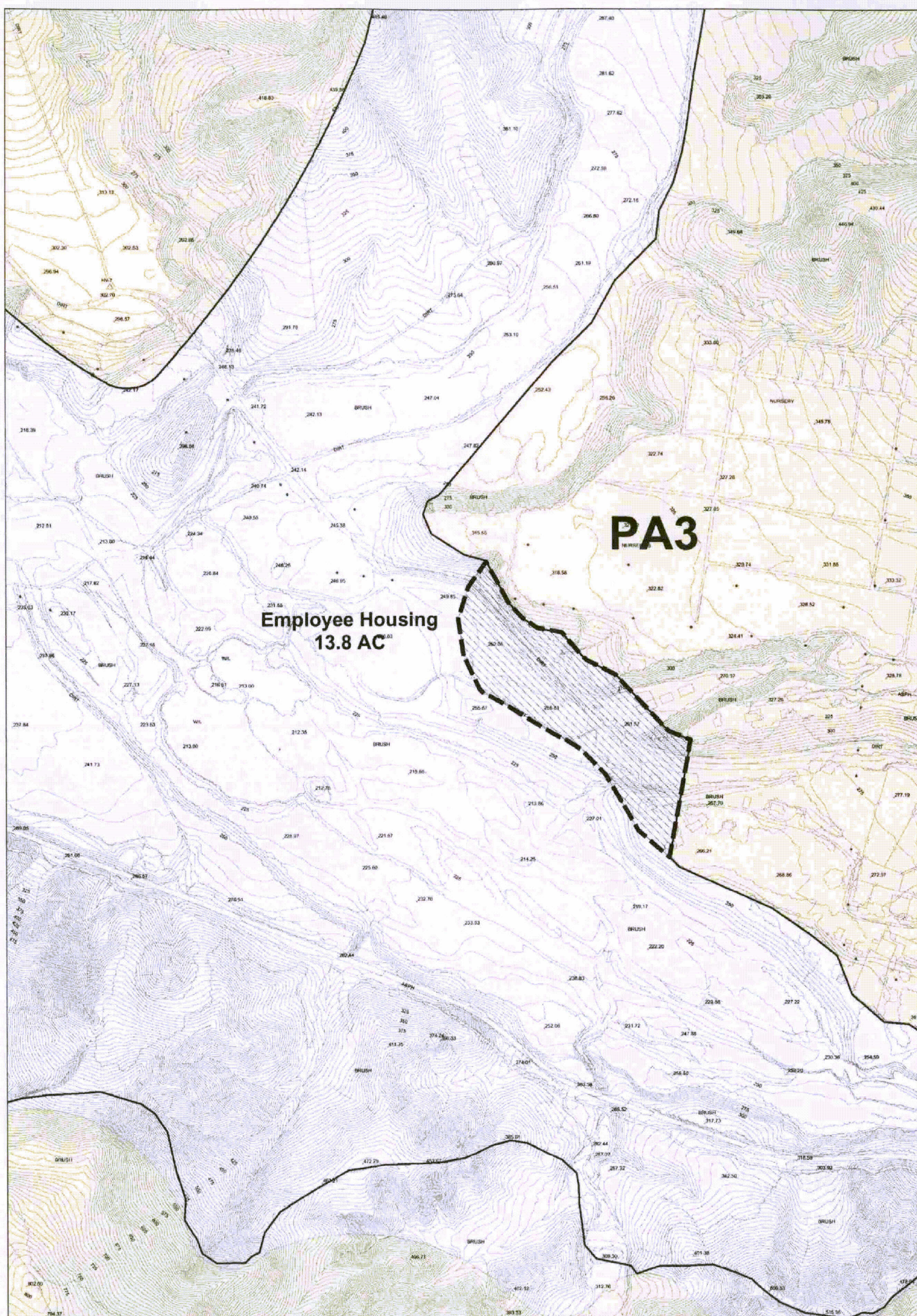


**Map Depicting Proximate Boundaries of
Recycling and Recovery Facility**

Exhibit C
200 100 0 200 400
Feet
July 25th, 2005

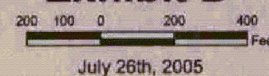


P:\2002\118\GIS\APR\Settlement_RVCH_Lines_Recycling.mxd Updated July 7, 2005



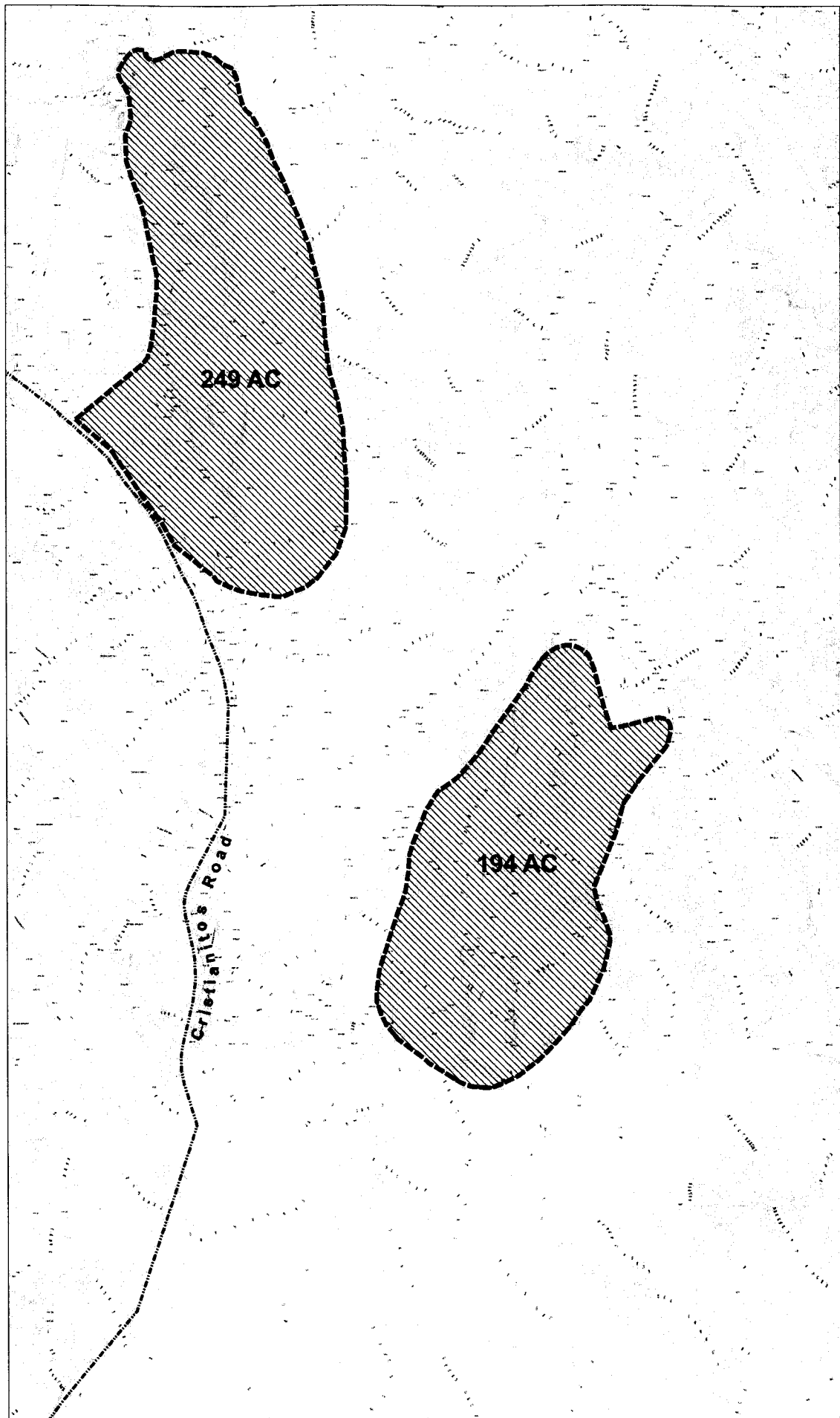
Map Depicting Proximate Boundaries of Employee Housing Area

Exhibit D



July 26th, 2005





Map showing Provisional boundaries of
Provisional Land Grant

TEXAS
LAND
OFFICE

EXHIBIT G

Planning Area 8 Edge Requirements

Design Requirements:

1. Barriers

Within the Fuel Modification Zone (FMZ), a barrier will be provided to prevent urban encroachment in the natural areas. This barrier will include one of the following depending on the adjacent use and/or topography:

- 6-foot high wire agriculture fence with maximum 4-inch openings
- 6-foot high fence with a woven wire mesh
- 6-foot high chain link fence
- 6-foot high tubular steel fence (with pickets 3-inch on center)
- 6-foot high solid wall
- Dense planting of barrier species such as Prickly Pear, Coastal Cholla and Coastal Yucca in combination with fencing to create a continuous barrier.
- Golf course (with out-of-bounds signage and scorecard notations) with a combination of planting of barrier species such as Prickly Pear, Coastal Cholla and Coastal Yucca in combination with fencing to create a continuous barrier

The barriers will be maintained as appropriate.

2. Trails

Adjacent to any trails within the Fuel Modification Zone, signage will describe the open space limits (similar to the Ladera Ranch). Off-limit areas will include Defined Open Space, Camp Pendleton Marine Base, and Donna O'Neill Land Conservancy, except as permitted by Exhibit B, Paragraph 18.

3. Invasive Species

All plants identified by the California Exotic Pest Plant Council as an invasive risk in southern California shall be prohibited from fuel modification zones adjacent to Defined Open Space. The Conditions, Covenants and Restrictions or equivalent restrictive document applicable to Planning Area 8 Development Area shall contain provisions prohibiting the planting of highly invasive species, including but not limited to arundo, artichoke thistle, and pampas grass.

4. Lighting

Lighting shall be shielded or directed away from Defined Open Space through the use of low-sodium or similar intensity lights, light shields, native shrubs, berms or other shielding methods (Program EIR No. 589 Mitigation Measure 4.9-28)

Management

1. Education

A brochure educating the public on open spaces issues will developed to be distributed to:

- Residents
- Resort guests
- Business owners

Issues addressed will include, but are not limited to, threatened and endangered species, mountain lions, raptors, sensitive habitats, and the prohibited access to Defined Open Space, Camp Pendleton Marine Base, and the Donna O'Neill Land Conservancy. Brochures will be distributed annually to the above groups and an annual, well-advertised community meeting will be held for education purposes.

2. Coordination

A Home Owners Association (HOA) committee will be established to interface with the Rancho Mission Viejo Land Conservancy on monitoring urban encroachment.

3. Security

Roaming patrols will be present during daylight hours or other times as may be necessary to monitor and enforce access restrictions, lighting restrictions, and other edge management measures, and to maintain barriers. Monitoring personnel will be required to undergo training that will include information on threatened and endangered species, mountain lions, raptors, sensitive habitats, and the prohibited access to Defined Open Space, Camp Pendleton Marine Base, and the Donna O'Neill Land Conservancy.

Inspections

All Edge Requirements shall be available for annual inspections pursuant to Section 8 of this Agreement.

The on-going obligations specified in this Exhibit B shall be memorialized in the Conditions, Covenants and Restrictions or equivalent enforceable restrictive scheme applicable to Planning Area 8 Development Area.

Miscellaneous

- 1. To the extent practicable and financially feasible, best management and design practices to avoid irrigation, hydrological and structural conditions that attract Argentine Ants shall be used.**

RECORDING REQUESTED BY,
AND WHEN RECORDED MAIL TO:

Rancho Mission Viejo, L.L.C.
28811 Ortega Highway
San Juan Capistrano, California 92675
Attn: General Counsel

Space Above for Recorder's Use

NOTICE OF SETTLEMENT AND DECLARATION OF RESTRICTIONS

THIS NOTICE OF SETTLEMENT AND DECLARATION OF RESTRICTIONS ("Declaration") is entered into by and among RANCHO MISSION VIEJO, LLC, a Delaware limited liability company, DMB SAN JUAN INVESTMENT NORTH, LLC, a Delaware limited liability company, RMV MIDDLE CHIQUITA, LLC, a California limited liability company, RMV RANCH HOUSE, LLC, a California limited liability company, RMV HEADQUARTERS, LLC, a California limited liability company, RMV SAN JUAN WATERSHED, LLC, a California limited liability company, RMV SAN MATEO WATERSHED, LLC, a California limited liability company and RMV BLIND CANYON, LLC, a California limited liability company. The individual entities identified above are collectively referred to hereafter as "RMV."

TO ALL INTERESTED PARTIES, PLEASE BE ADVISED AS FOLLOWS:

A. RMV is the owner of the real property located in the unincorporated area of Orange County, California, and more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "RMV Property"). The RMV Property is commonly known as the "Rancho Mission Viejo."

B. Prior to the date hereof, the County of Orange, a political subdivision of the State of California ("County"), approved a comprehensive land development and conservation plan for the RMV Property ("Ranch Plan Approvals").

C. Following issuance of the Ranch Plan Approvals, a Verified Petition for Writ of Mandate was filed in the Superior Court for Orange County (Case No. 04CC01637) challenging the Ranch Plan Approvals (the "Ranch Plan Litigation"). The Petitioners identified in the Ranch Plan Litigation are ENDANGERED HABITATS LEAGUE, a California not-for-profit corporation, NATURAL RESOURCES DEFENSE COUNCIL, INC., a not-for-profit corporation organized under the laws of the State of New York, SEA AND SAGE AUDUBON

SOCIETY, a chapter of The National Audubon Society, LAGUNA GREENBELT, INC., a California not-for-profit corporation, and SIERRA CLUB, a California not-for-profit corporation (collectively the "Resource Organizations"). County is identified as the Respondent in the Ranch Plan Litigation and RMV is identified as the Real Party in Interest.

D. Concurrent herewith, RMV, the Resource Organizations and County have entered into that certain Settlement Agreement dated _____, 2005 ("Settlement Agreement"), incorporated by reference herein as if fully set forth, pursuant to which RMV, the Resource Agencies and County resolved the dispute embodied in the Ranch Plan Litigation. This Declaration has been executed and recorded for the purpose of imparting notice of the Settlement Agreement and the respective rights and obligations of the parties thereto as set forth therein. All of the terms, covenants and conditions set forth in the Settlement Agreement shall be incorporated hereby by reference as though set forth fully herein. In the event of any inconsistency between this Declaration and the Settlement Agreement, the Settlement Agreement shall control. This Declaration, and the Settlement Agreement, shall bind the parties hereto and their respective heirs, successors and assigns, all in accordance with their individual terms.

E. In connection with the negotiation and execution of the Settlement Agreement, RMV has agreed to certain restrictions on, and obligations regarding, the development of certain portions of the RMV Property, which restrictions and obligations shall be enforceable by the Resource Organizations, RMV or County, as more fully set forth in the Settlement Agreement, as part of a common development plan consistent with the protection of the environment, and shall bind all current and subsequent owners of the RMV Property.

F. Each conveyance, transfer or assignment of any part of, or interest in or to, the Property or portion thereof ("Transfer") is made subject to the provisions of this Declaration, and the obligations and restrictions referenced herein are made part of such Transfer. The person to whom such Transfer is made shall be bound by the liabilities created hereunder as such liabilities relate to the Property or portion thereof, or interest therein, acquired by such transferee.

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed one or more copies of this Declaration as of the date first set forth above.

"RMV"

DMB SAN JUAN INVESTMENT NORTH, LLC,
a Delaware limited liability company

By: **Rancho Mission Viejo, LLC,**
a Delaware limited liability company,
as authorized agent and manager

By: *Anthony R. Moiso*
Anthony R. Moiso
President and Chief Executive Officer

By: *Donald L. Vodra*
Donald L. Vodra
Chief Operating Officer

RMV MIDDLE CHIQUITA, LLC,
a California limited liability company

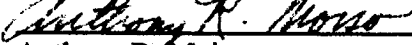
By: **Rancho Mission Viejo, LLC,**
a Delaware limited liability company,
as authorized agent and manager


By: *Anthony R. Moiso*
Anthony R. Moiso
President and Chief Executive Officer

By: *Donald L. Vodra*
Donald L. Vodra
Chief Operating Officer

RMV RANCH HOUSE, LLC,
a California limited liability company

By: Rancho Mission Viejo, LLC,
a Delaware limited liability company,
as authorized agent and manager


By: 
Anthony R. Moiso
President and Chief Executive Officer

By: 
Donald L. Vodra
Chief Operating Officer

RMV HEADQUARTERS, LLC,
a California limited liability company

By: Rancho Mission Viejo, LLC,
a Delaware limited liability company,
as authorized agent and manager

By: 
Anthony R. Moiso
President and Chief Executive Officer

By: 
Donald L. Vodra
Chief Operating Officer

RMV SAN JUAN WATERSHED, LLC,
a California limited liability company

By: Rancho Mission Viejo, LLC,
a Delaware limited liability company,
as authorized agent and manager

By: Anthony R. Moiso
Anthony R. Moiso
President and Chief Executive Officer

By: Donald L. Vodra
Donald L. Vodra
Chief Operating Officer

RMV SAN MATEO WATERSHED, LLC,
a California limited liability company

By: Rancho Mission Viejo, LLC,
a Delaware limited liability company,
as authorized agent and manager

By: Anthony R. Moiso
Anthony R. Moiso
President and Chief Executive Officer

By: Donald L. Vodra
Donald L. Vodra
Chief Operating Officer


RMV BLIND CANYON, LLC,
a California limited liability company

By: Rancho Mission Viejo, LLC,
a Delaware limited liability company,
as authorized agent and manager

By: Anthony R. Moiso
Anthony R. Moiso
President and Chief Executive Officer

By: Donald L. Vodra
Donald L. Vodra
Chief Operating Officer

RANCHO MISSION VIEJO, LLC,
a Delaware limited liability company

By: 
Anthony R. Moiso
President and Chief Executive Officer


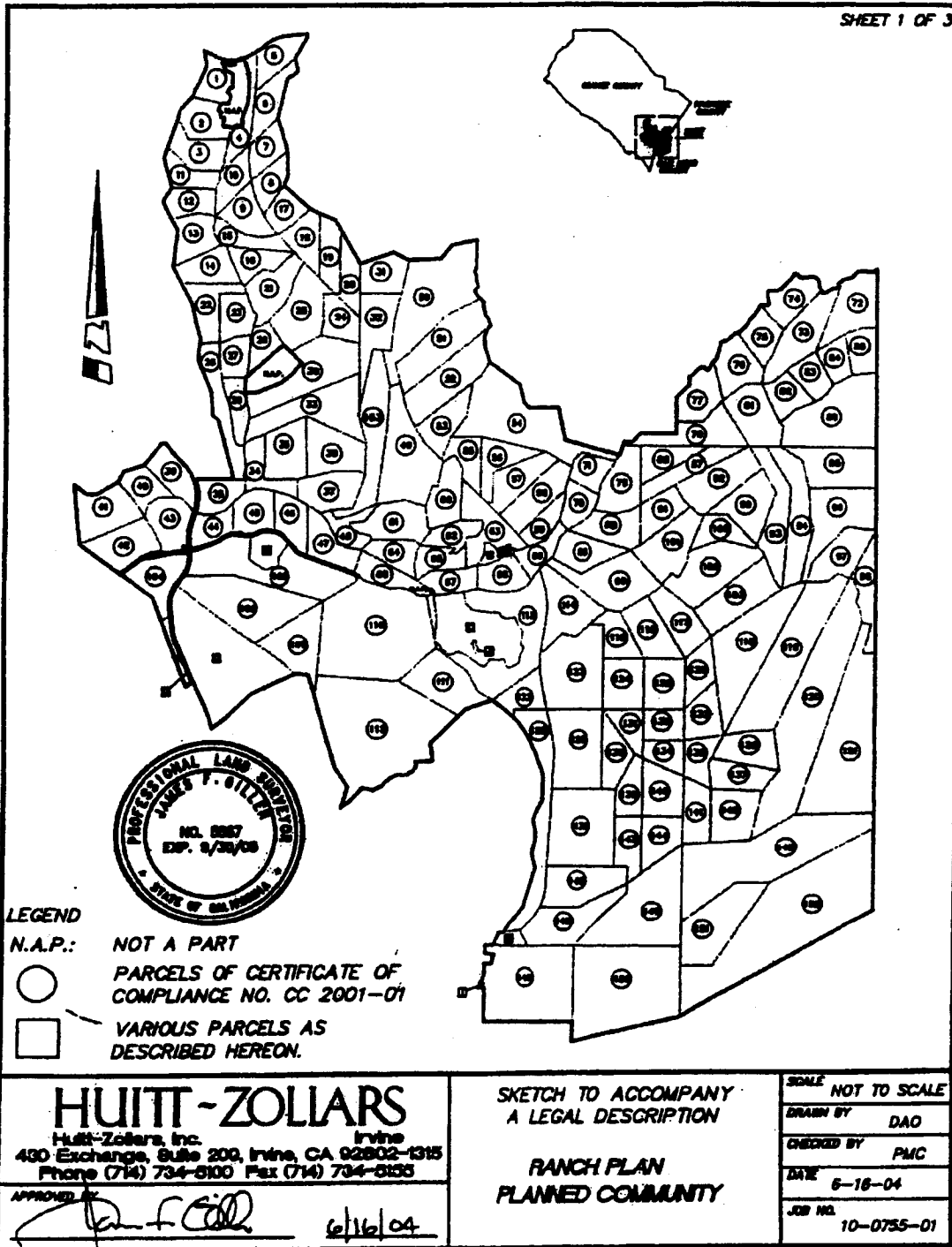
By: 
Donald L. Vodra
Chief Operating Officer

EXHIBIT A

LEGAL DESCRIPTION OF RMV PROPERTY

[TO BE PROVIDED]



G:\0075501\PH801\ZONING\RMV_ZONING_1.DWG

NOTE:

PARCEL A IS SHOWN HEREON AS INDIVIDUAL PARCELS AS NUMBERS IN A CIRCLE ○.

PARCELS B THROUGH I ARE SHOWN HEREON AS INDIVIDUAL PARCELS AS LETTERS IN A SQUARE □.

LEGAL DESCRIPTION:

PARCEL A: PARCELS 1 THROUGH 107, INCLUSIVE, 110 THROUGH 126, INCLUSIVE, AND 128 THROUGH 153, INCLUSIVE, OF CERTIFICATE OF COMPLIANCE NO. CC 2001-01 IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN AND DESCRIBED IN THAT CERTAIN DOCUMENT RECORDED JULY 26, 2001 AS INSTRUMENT NO. 20010508835 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM THE LAND AS DESCRIBED IN THE GRANT DEED TO THE FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY RECORDED MAY 30, 1996 AS INSTRUMENT NO. 19960289157, OF SAID OFFICIAL RECORDS, IN THE OFFICE OF SAID COUNTY RECORDER.

PARCEL B: PARCEL 2, IN SAID UNINCORPORATED TERRITORY, AS SHOWN ON THE MAP FILED IN BOOK 90, PAGES 23 THROUGH 27, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF SAID COUNTY RECORDER.

PARCEL C: PARCEL 1 OF PARCEL MAP 85-478, IN SAID UNINCORPORATED TERRITORY, AS SHOWN ON THE MAP FILED IN BOOK 248, PAGES 7 AND 8 OF PARCEL MAPS, IN THE OFFICE OF SAID COUNTY RECORDER.

EXCEPTING THEREFROM THE LAND AS DESCRIBED IN THE GRANT DEED TO LAST ROUND UP, INC. RECORDED SEPTEMBER 4, 1987 AS INSTRUMENT NO. 87-504837 OF SAID OFFICIAL RECORDS, IN THE OFFICE OF SAID COUNTY RECORDER.

PARCEL D: PARCEL 1 OF PARCEL MAP 93-158, IN SAID UNINCORPORATED TERRITORY, AS SHOWN ON THE MAP FILED IN BOOK 280, PAGES 49 AND 50 OF PARCEL MAPS, IN THE OFFICE OF SAID COUNTY RECORDER.

PARCEL E: PARCEL 1 OF PARCEL MAP 94-153, IN SAID UNINCORPORATED TERRITORY, AS SHOWN ON THE MAP FILED IN BOOK 287, PAGES 9 AND 10 OF PARCEL MAPS, IN THE OFFICE OF SAID COUNTY RECORDER.

PARCEL F: PARCEL 1 OF PARCEL MAP 95-181, IN SAID UNINCORPORATED TERRITORY, AS SHOWN ON THE MAP FILED IN BOOK 296, PAGES 11 AND 12 OF PARCEL MAPS, IN THE OFFICE OF SAID COUNTY RECORDER.

PARCEL G: PARCEL 2 OF LOT LINE ADJUSTMENT NO. LL 2003-004, IN SAID UNINCORPORATED TERRITORY, AS SHOWN ON EXHIBIT B ATTACHED TO THAT CERTAIN DOCUMENT RECORDED MARCH 18, 2003 AS INSTRUMENT NO. 2003000294489 OF SAID OFFICIAL RECORDS, IN THE OFFICE OF SAID COUNTY RECORDER.

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TOGETHER WITH THOSE PORTIONS OF SECTION 24, TOWNSHIP 8 SOUTH, RANGE 7 WEST, OF RANCHO MISSION VIEJO AS SHOWN ON THE MAP SECTIONIZING RANCHO MISSION VIEJO, IN SAID UNINCORPORATED TERRITORY, FILED IN BOOK 9, PAGES 15 THROUGH 22, INCLUSIVE, OF RECORD OF SURVEYS, IN THE OFFICE OF SAID COUNTY RECORDER, DESCRIBED IN PARCELS AS FOLLOWS:

PARCEL H: BOUNDED SOUTHERLY BY THE NORTHERLY LINE OF PARCEL 149 OF SAID CERTIFICATE OF COMPLIANCE NO. CC 2001-01, RECORDED JULY 26, 2001, AS INSTRUMENT NO. 20010508635 OF OFFICIAL RECORDS, BOUNDED NORTHEASTERLY BY THE SOUTHWESTERLY LINE OF PARCEL 146 OF SAID CERTIFICATE OF COMPLIANCE, BOUNDED NORTHERLY BY THE SOUTHERLY LINE OF PARCEL 128 OF SAID CERTIFICATE OF COMPLIANCE AND BOUNDED WESTERLY AND NORTHWESTERLY BY THE SOUTHEASTERLY LINE OF PARCEL 127 OF SAID CERTIFICATE OF COMPLIANCE.

PARCEL I: BOUNDED EASTERLY BY THE WESTERLY LINE OF PARCEL 149 OF THAT CERTIFICATE OF COMPLIANCE NO. CC 2001-01, RECORDED JULY 26, 2001, AS INSTRUMENT NO. 20010508635 OF OFFICIAL RECORDS AND BOUNDED WESTERLY AND SOUTHERLY BY THE GENERAL EASTERLY LINE OF PARCEL 5 AS SHOWN ON CERTIFICATE OF COMPLIANCE NO. CC 87-06 RECORDED AUGUST 7, 1987 AS INSTRUMENT NO. 87-448871, BOTH OF OFFICIAL RECORDS, IN THE OFFICE OF SAID COUNTY RECORDER.

PARCEL J: THE LAND AS DESCRIBED IN THE GRANT DEED TO LAST ROUND UP, INC. RECORDED SEPTEMBER 4, 1987 AS INSTRUMENT NO. 87-504837 OF SAID OFFICIAL RECORDS, IN THE OFFICE OF SAID COUNTY RECORDER.

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**Joint Public Statement on Ranch Plan Litigation Settlement
By Rancho Mission Viejo, Orange County, the Endangered Habitats League,
Natural Resources Defense Council, Sea and Sage Audubon Society,
Laguna Greenbelt, Inc, and Sierra Club.**

After extensive negotiations over an eighteen month period, Rancho Mission Viejo, The County of Orange, the Endangered Habitats League, Natural Resources Defense Council, Sea and Sage Audubon Society, Laguna Greenbelt, Inc, and Sierra Club announced today that they have reached an agreement to settle the lawsuit challenging the County's approval of The Ranch Plan, the comprehensive open space and land use management plan for the remaining 22,815 acres of Rancho Mission Viejo.

This landmark settlement resolves all outstanding litigation regarding the Ranch Plan and helps insure the protection of open space and species found in the project area.

On November 8, 2004, the Orange County Board of Supervisors certified the environmental impact report for the project and granted a number of approvals that would allow the implementation of the Ranch Plan. On December 8, 2004, the Endangered Habitats League, Natural Resources Defense Council, Sea and Sage Audubon Society, Laguna Greenbelt, Inc, and Sierra Club filed suit challenging the County's approval of the Ranch Plan.

The settlement agreement reached is the product of many months of active discussions regarding the project. The parties to the settlement agreement began discussing concerns about the project many months prior to the County's approval of

the Ranch Plan Project and continued those discussion after the lawsuit had been commenced.

"The settlement we have reached is a formidable achievement for the people of Orange County" said [**Board of Supervisor Spokesperson.**] "The Board of Supervisors is gratified that by working together on this matter all of the organizations involved were able to reach a mutually acceptable agreement."

Supervisor Wilson said that the environmental organizations challenging the Ranch Plan Project played an important leadership role in reaching this settlement that successfully meets both environmental and economic goals.

Among other things, the settlement agreement will result in:

1. Preservation of the last remaining intact coastal watershed in southern California, resulting in the protection of an estimated 12,000 acres of undeveloped open space in the heart of the pristine San Mateo watershed;
2. Preservation of an additional 1800 acres of valuable habitat in the San Juan Creek and San Mateo watersheds specifically targeted under the original Ranch Plan for development. Over a mile length of uninterrupted high quality coastal sage scrub habitat in Chiquita Canyon, a home to the threatened California gnatcatcher, will remain undisturbed.
3. Protection for the integrity of, and connectivity to, the Donna O'Neill Land Conservancy.

4. Preservation and protection of the ranching and agricultural heritage of Orange County.

5. Protection of water quality in the San Mateo Watershed that will maintain water quality at Trestles Beach and San Onofre State Beach.

6. Rancho Mission Viejo's commitment to the development of a long-term funding strategy for the management, oversight and protection of all project open space lands placed into conservation easements.

7. Specific protections for threatened and endangered species like the arroyo toad and California gnatcatcher.

The environmental groups that are party to the settlement applauded the agreement, citing in particular its protection of irreplaceable southern California coastal open space and the threatened and endangered species that inhabit it.

"We commend the leadership of RMV's CEO and President, Tony Moiso. We are very pleased that the Ranch, the County and the various environmental groups have worked together successfully to develop a common vision for open space, wildlife habitat, and historic California ranching. said Dan Silver, Executive Director of Endangered Habitats League. We look forward to working together to ensure that the benefits of the settlement agreement are implemented and achieved."

ENDANGERED HABITATS LEAGUE

DEDICATED TO ECOSYSTEM PROTECTION AND SUSTAINABLE LAND USE



To Whom It May Concern:

This letter is intended to be incorporated into the official record of proceedings relative to the Agency's consideration of species and habitat activities and decisions as they pertain to (or otherwise affect) the design, implementation and development of the Ranch Plan Project (the "Project").

In light of the protections set forth in the Settlement Agreement between the Endangered Habitats League (as a member of the defined Resource Organizations group identified in the Settlement Agreement) ["EHL"], the County of Orange and Rancho Mission Viejo, EHL has agreed that species listing or critical habitat designation is not a basis for modification of the Project. EHL has also agreed that the species listing and/or the designation of critical habitat does not create the need for any additional species protection associated with the Project.

ENDANGERED HABITATS LEAGUE,
a California not-for-profit corporation

By: [Signature]
Name: Dan J. Iverson
Title: President

By: [Signature]
Name: JESS MARTON
Title: TREASURER



NATURAL RESOURCES DEFENSE COUNCIL

EXHIBIT K-1

To Whom It May Concern:

This letter is intended to be incorporated into the official record of proceedings relative to the Agency's consideration of species and habitat activities and decisions as they pertain to (or otherwise affect) the design, implementation and development of the Ranch Plan Project (the "Project").

In light of the protections set forth in the Settlement Agreement between Natural Resources Defense Council (as a member of the defined Resource Organizations group identified in the Settlement Agreement) ["NRDC"], the County of Orange and Rancho Mission Viejo, NRDC has agreed that species listing or critical habitat designation is not a basis for modification of the Project. NRDC has also agreed that the species listing and/or the designation of critical habitat does not create the need for any additional species protection associated with the Project.

NATURAL RESOURCES DEFENSE COUNCIL,
INC., a not-for-profit corporation organized under
the laws of the State of New York

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____



*Sea &
Sage Audubon*

P.O. BOX 5447, IRVINE, CA 92616-5447

(949) 261-7963

To Whom It May Concern:

This letter is intended to be incorporated into the official record of proceedings relative to the Agency's consideration of species and habitat activities and decisions as they pertain to (or otherwise affect) the design, implementation and development of the Ranch Plan Project (the "Project").

In light of the protections set forth in the Settlement Agreement between Sea and Sage Audubon Society (as a member of the defined Resource Organizations group identified in the Settlement Agreement) ["Sea and Sage"], the County of Orange and Rancho Mission Viejo, Sea and Sage has agreed that species listing or critical habitat designation is not a basis for modification of the Project. Sea and Sage has also agreed that the species listing and/or the designation of critical habitat does not create the need for any additional species protection associated with the Project.

SEA AND SAGE AUDUBON SOCIETY,
a California not-for-profit corporation and a
chapter of The National Audubon Society

By:

Thomas C. Croom
Name: THOMAS C. CROOM
Title: PRESIDENT

By:

Scott E. Thomas
Name: SCOTT E. THOMAS
Title: Conservation Chair



Laguna Greenbelt, Inc.

a non-profit corporation


EXHIBIT K-4

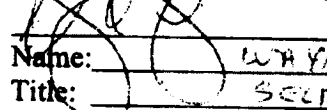
To Whom It May Concern:

This letter is intended to be incorporated into the official record of proceedings relative to the Agency's consideration of species and habitat activities and decisions as they pertain to (or otherwise affect) the design, implementation and development of the Ranch Plan Project (the "Project").

In light of the protections set forth in the Settlement Agreement between Laguna Greenbelt, Inc. (as a member of the defined Resource Organizations group identified in the Settlement Agreement) ["Laguna Greenbelt"], the County of Orange and Rancho Mission Viejo, Laguna Greenbelt has agreed that species listing or critical habitat designation is not a basis for modification of the Project. Laguna Greenbelt has also agreed that the species listing and/or the designation of critical habitat does not create the need for any additional species protection associated with the Project.

LAGUNA GREENBELT, INC.,
a California not-for-profit corporation

By: 
Name: Elisabeth M. Brown
Title: President

By: 
Name: WAYNE A. YBARRA
Title: SECRETARY



August 15, 2005

To Whom It May Concern:

This letter is intended to be incorporated into the official record of proceedings relative to the Agency's consideration of species and habitat activities and decisions as they pertain to (or otherwise affect) the design, implementation and development of the Ranch Plan Project (the "Project").

In light of the protections set forth in the Settlement Agreement between the Resource Organizations listed below, the County of Orange and Rancho Mission Viejo, the Resource Organizations have agreed that species listing or critical habitat designation is not a basis for modification of the Project. The Resource Organizations have also agreed that the species listing and/or the designation of critical habitat does not create the need for any additional species protection associated with the Project.



William Corcoran
Senior Regional Representative
Sierra Club



100%
Recycled

3435 Wilshire Boulevard, Suite 660, Los Angeles, CA 90010-1904
(213) 387-6528 phone • (213) 387-8348 fax www.sierraclub.org

EXHIBIT L

(Verification Certification)

To Whom It May Concern:

[Certifying Party] is a Party to that Settlement Agreement dated _____, 2005, as more particularly described in the Notice of Settlement Agreement and Declaration of Conditions recorded in the Office of the Orange County Recorder on _____, 2005, and identified as Document No. _____.

Consistent with the provisions of the Settlement Agreement, [Certifying Party] hereby certifies that, to the best of its knowledge, [Certifying Party] has not served or otherwise delivered to [Requesting Party] [a notice alleging breach of the Settlement Agreement -- or -- a notice of breach that has not been heretofore resolved to the satisfaction of Certifying Party].

[Certifying Party]